The China Weekly REVIEW

密勒氏評論報

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SATURDAY, JULY 20, 1935 VOLUME 73, NUMBER 8

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A GRASS-HUT EPISODE—WHAT TSINGTAO IS DOING ABOUT IT

THE Shanghai newspapers this week published a brief item about the destruction by fire of some 200 straw huts in the Chapei section. Some 500 poor people were deprived of their homes, such as they were. These incidents, involving the destruction of squatters' villages about the fringes of Shanghai, occur with such regularity that they only receive brief mention in the local Chinese and foreign newspapers. No one has ever tried to estimate the number of poverty stricken Chinese who occupy these straw-huts, or makeshift houses which spring up like mushrooms, often within a stone's throw of palatial business houses and residences occupied by more fortunate individuals. Forced out of their normal occupations in the interior of the country these people flock to Shanghai by the tens of thousands, erect one-room houses of straw and bamboo on vacant property and manage in one way or another to eke out a miserable existence. As the huts are of inflammable materials fires break out and if they occur at night the loss of life is often appalling. But no one wories about them, or even notices them, unless some curious tourist of an inquiring mind comes along and makes an investigation of the lower strata of Chinese life. Official and commercial Shanghai knows little and cares less about this situation, and as stated, the local newspapers only print brief items about the fires which sweep these houses and their occupants out of existence with apalling regularity.

In Tsingtao, chief port of Shantung province, they handle the situation differently. In 1930 a public spirited Chinese woman, Miss Ellen Tan, started the relief movement by donating funds for the construction of 172 permanent houses to be erected on public land. Later the Tsingtao Women's Association, controlled by Chinese women, raised funds for the erection of 100 additional houses. The Municipality of Tsingtao, controlled by Chinese, then built 266 more, using public funds. Since 1932 some 1,200 permanent houses of the tenement type have been built about the Kiaochow bay district and this summer will mark the complete eradication of the straw-hut or mud-hut villages in the vicinity of Tsingtao. The new buildings are constructed of stone or

brick with tile roofs, usually are arranged about a courtyard with playgrounds for children. They have sanitary arrangements—and each new tenement area has a public school. It is claimed that free school facilities now exist in the Kiachow bay area, a semi-curcular territory about 30 miles wide about the bay, for some 60 percent of the children of school age. The people of Tsingtao are proud of their accomplishment in the eradication of slums and development of educational facilities for poor children, an indication of civic sentiment which has been totally lacking so far as the foreign settlements of Shanghai are concerned and which has not been given any great amount of attention by the Chinese authorities, despite the development of a new Civic Center which arouses the admiration of all.

Since the foregoing paragraphs were written, the Chinese Municipality of Greater Shanghai made public (July 17) a report on the extent of slum districts in the Shanghai district, the number of dwellers in these areas being given as 94,122 or 3.1 percent of the total population of 3,000,000 people living in the Shanghai area. The report, which was made public by Mayor Wu Teh-chen, was based on a survey ordered by the Chinese authorities as preliminary to the launching of a housing program. The report stated that among the 94,122 slum area residents, 45,593 are men and 48,529 are women. They are distributed as follows: Wantsaopan area, 1254 men and 1263 women; Woosung area, 935 men and 884 women; Kiangwan area, 273 men and 220 women; Sinza area, 4869 men and 12,781 women; Mongolia Road area, 126 men and 96 women; Henfong Road area, 3364 men and 2979 women; North Station area; 3365 men and 2866 women; North Szechuen Road area; 394 men and 371 women; Yungshing Road area, 564 men and 469 women; Lingping Road area, 9064 men and 7990 women; Tsaokadoo area, 13,764 men and 12,882 women; Woosung area, 382 men and 304 women; Zikawei area, 941 men and 757 women; Tsaokin area, 207 men and 188 women; and West Gate area, 6091 men and 4474 women. The 94,122 persons compose of 20,504 households with 1815 families living in these houses as sub-tenants.

"TRIBUNE" WILL NOT REPLACE OUSTED ROME CORRESPONDENT

COL. Robert R. McCormick, publisher of the *Chicago Tribune* announced on June 17, according to an article in the June 22 issue of the trade paper *Editor and Publisher*, that no new correspondent would be sent to Rome to replace David Darrah, *Tribune* writer who was arrested and deported by the Italian authorities sometime ago. The action of the Italian authorities was taken in retaliation for a series of articles which Mr. Darrah wrote about conditions in Italy incidental to the pending Ethiopian intervention. According to Mr. Darrah's articles which appeared in *The Tribune* on June 8 and 9 the Mussolini Ethiopian adventure was inspired largely by serious economic and political conditions prevailing in Italy in consequence of the fascist regime. Mr. Darrah stated that a condition of revolt prevailed in Sardinia which became so serious that Premier Mussolini was compelled to send a cruiser to Cagliari to impress the population with Il Duce's visit. The dispatch also called attention to the serious financial and administrative difficulties in Italy caused by the huge increase in the national debt and rising cost of living. Mr. Darrah's dispatch on June 9 stated that while the Italian police were too well organized to permit real insubordination that the mobilization of troops for the African campaign was unpopular. Following the publication of these reports the Italian police arrested Mr. Darrah and escorted him from the country. Col. McCormick, publisher of *The Tribune* announced that no correspondent would be stationed in Italy in future, stating, "I don't see any reason why I should send a man there just to take government handouts." Mr. Darrah will in future be stationed in Vienna.

Lifting China's Face

(*Contributed*)

While lifting sorry China's face
By Boosting her Legation
Soldiers of the Rising Sun
Place heel upon the Nation.

Each country of sly Europe's world
Once itched with mad ambition
To parcel out old China's state,
A process called partition.

But not so keen was Uncle Sam
To see that State so parted;
The Open Door he then proposed
And Europe's game was thwarted.

When nations of the Western World
To her had firmly spoken
Japan joined in the solemn pact
To keep the door wide open.

The West then built much pious hope
On word of mouth and written
To keep meek China's door ajar,
But now we see them bitten.

We still see China's door ajar
But not, by far, wide open:
For Western troops remain at home;
No fighting word is spoken.

Thus sons of Nippon lead the race
In matters economic:
No longer is the Eastern show
A situation comic

For lifting any seamy face
Is never a solution,
Does not disguise the ugly lines
That point to dissolution.

Senate Passes Bill for New Federal Building in Shanghai

The U.S. Senate July 16 passed the bill authorizing the three-quarter million Shanghai federal building in Shanghai. According to a telegram from Chauncey.

P. Holcomb, the Shanghai American Chamber of Commerce's representative in Washington, the bill was expected to be signed by President Roosevelt end of this week.

The new building will be located on Whangpoo road on the site of the former American Consulate General. It will be built somewhat in the shape of a horse-shoe, with the two wings or points facing the Whangpoo River. At the centre there will be two tall towers. The centre portion of the building will be occupied by the Consular offices and other Government departments—since it is proposed to house al branches of the American Government service under the one roof—while the wings will be given over to residental quarters The three sections of the building will be divided by drive-ways and gardens.

North China Situation Accelerates Move Toward Anglo-American Cooperation

THE increasing frequency of news reports from Washington and London referring to Anglo-American cooperiation in the Far East is of undoubted significance. The latest was Lloyd George's declaration of July 15 referring to the urgent necessity of cooperation on the part of the Western powers to block the exploitation of China by Imperial Japan. On the preceding day the *United Press* distributed a brief dispatch from Washington quoting administration leaders as declaring that cooperation between the United States and Great Britain in the interest of world peace, would soon be closer than at any other time in recent years. Lloyd George, Britain's war-time premier, and now again in the limelight as the advocate of a New Deal in British politics, declared that future world harmony made it necessary for Great Britain, United States and Russia to agree on a policy equally strong as Japan's and "join that country in aiding China to get on her feet." Lloyd George's further reference to the necessity of improving trade relations with Russia was also echoed in the report from Washington on July 16 referring to the recently signed Russian-American trade pact.

That these developments are being closely watched in Japan was indicated in an article by Kozo Ota, leader of the Great Asia Association, which appeared in the July issue of *Dai Asia Shugi*. Mr. Ota issued a warning to his readers to be on their guard against the policies of the new Baldwin cabinet which "patted the United States on the head with the object of curbing Germany in Europe and restraining the further expansion of Japan in the Far East." He said that Baldwin was working for the cooperation of France and the Soviet Union in restraining Germany in Europe and the help of United States and the Soviet Union in curbing Japan in the Far East. Referring to Japan's failures in the Indian trade parley and the conference with the Netherlands' representatives over Japanese trade in the East Indies, Mr. Ota accused the British of instigating an anti-Japanese economic war as the most effective means of hitting Japan both internally and externally. Had he written his article a little later Mr. Ota might also have referred to Canada's refusal to be bluffed by Japan's threat of tariff retaliation and also to the present move at Manila to restrict Japanese imports. The recent reports in the American and British press of the Japanese army's interference with the diplomatic policy of the Japanese government had also done Japan considerable harm in public opinion over the world, according to the writer in the *Dai Asia* magazine. Concluding, he said that Premier Baldwin was promoting Anglo-American cooperation because he hoped to utilize American influence "to the advantage of British diplomacy in restricting the activity of a third party in the Far East."

That cooperation between Britain and America in the Pacific is well on the way was also the opinion expressed by Nathaniel Peffer, well known writer on Far Eastern topics, which appeared in the June issue of *Harpers Magazine*. Mr. Peffer urged that the present drift toward an "understanding" be converted into a definite alliance and in this connection quoted General Smuts, South African elder statesman, as declaring that "a practical policy of cooperation between Great Britain and the United States in the Pacific for the maintenance of the integrity of China and future peace would be the most important step that could be taken in international affairs." Reference also was made to statements of similar import by the Marquess of Lothian and Captain Anthony Eden indicating that Britain is now sincerely desirous of American cooperation in the Far East.

That recent events in North China have greatly accelerated the movement toward cooperation of the two great naval powers appears obvious in the light of recent developments. After juggling the Manchurian and Japanese expansionist issues since 1931 both Powers have practically reached the point where they must make up their minds whether to acquiesce in the establishment of Japanese control over China or to cooperate in preventing Japan from establishing control, even at the price of using force. Upton Close, another well known writer and lecturer on Far Eastern affairs, said that after Britain's failure to cooperate with Secretary Stimson in 1931, the attitude of the present Administration was to "make Great Britain take the initiative against Japan, even if America had to stand by and see Japan swallow all China in order to bring this about." However, Close expressed the opinion that if the Baldwin cabinet now had something definite to propose, the United States "would take it up quick enough, if American was assured of a joint stand and action."

What an "understanding" or definite alliance of America and Britain would involve cannot be forecasted at this time, but if formulated on an equitable basis both would stand to gain economically through the curbing of Japan's expansionist program on the Asiatic continent and in the Pacific. That the navies of the two nations, acting cooperatively, could make short work of the Japanese menace is obvious; whereas a war fought with Japan by either nation acting separately would be a more serious matter. While the U. S. Navy has made great strides since the Roosevelt administration came into office, it is generally recognized that the United States probably would not be ready to meet Japan for practically two years which are regarded as necessary for the development of naval and aviation bases within striking distance of Japan. But as Mr. Peffer put it, "With Great Britain as an ally, many of these handicaps would be materially reduced. There would be additional ships. The attention of the Japanese fleet would be divided. The Philippines would have a longer period of

immunity, since Hongkong would have to be dealt with. Most of all, the strength of the American fleet would be vastly increased if it could count on the use of Singapore base for fuel, munitions, supplies and repairs. That America would win finally in a war with Japan is hardly to be doubted; but an ally would mean the difference between a long, hard and costly war and a shorter and relatively easy one. It would diminish the actual fighting necessary and allow time for the forced suspension of Japanese overseas commerce to undermine Japan's structure. And the end of a relatively easy war would leave China freed of the Japanese menace, Japan itself reduced to the status of a minor Power, and Eastern Asia open to American economic penetration. Not only British chestnuts would be pulled out of the fire. America's own interests would be served at least as much as Great Britain's, perhaps more. . . . "

Yangtsze Waters Recede---Yellow River on Rampage

After having held steady for 24 hours at 51.3, the water-mark at Hankow dropped to 50.15 July 16, buoying hopes still further that the city will not be flooded. Terrific pressure continued, however, on the Changkung and Wuhui dykes. Meanwhile, a tremendous area outside of the cities along the Yangtsze is under water. Provincial, local and Nanking officials are hurriedly framing relief measures. Shasi and Ichang conditions are reported to be returning to normal.

The Yangtsze water level in Hankow on the night of July 13 registered 50.6 feet—only three feet below the record in the great flood year of 1931. Most of the godowns outside Chiaokow were submerged. The Shengtung Gate was closed and blocked up by sandbags.

Marshal Chang Hsueh-liang had a narrow escape from possible death July 16 while aiding the starving populace of a flooded village in Hupeh near the Szechuen border. While dropping 1,400 pounds of rice from his plane to the village, the machine was fired on by bandits. A number of bullets struck the wings of thr airplane, but fortunately, no further damage was done.

Twenty-two race ponies from Hankow were shipped to Shanghai. Other ponies stabled in the Hankow Race Club, an area low-lying enough to be seriously flooded were moved to resorts up the railway or on higher ground in the neighborhood of the city.

Belated reports received in Hsuchow from railway circles note an unprecedented flood tragedy in Yensze, a low-lying district at the foot of mountains some 80 kilometers west of Chengchow, in the early morning of July 9. Trapped in the town, with the exception of some 100 more alert citizens, all the inhabitants were reported to have been drowned. The magistrate, however, succeeded in escaping death by clinging to a piece of timber.

A whole company of soldiers at Fancheng, northern Hupeh, was wiped out by the flood waters of the Han (Siang) River.

More Than a Million Persons Homeless as Result of Yellow River Floods

The *China Press* July 18 said that more than one million people in the northern provinces face a bitter winter unless the flood waters subside immediately. Their homes washed away and their crops practically all drowned out, prospects for the future appeared hopeless for hundreds of villages in Shantung, Shensi and Honan. Han Fu-chu, chairman of Shantung province, has issued an appeal to the entire nation for assistance in the work of flood relief and prevention. The situation is more serious that the flood disaster in Tungming, southern Hopei, in 1931, where tens of thousands were wiped out by the sudden rise of the Yellow River.

A steady rise of the Yellow River, in western Shantung, due to incessant rains, widened the various breaches of the river dykes in the Tungchuang area in Chuang-cheng; one large gap is over 2,000 feet wide. Yuncheng was the hardest hit, with nearly the entire district under water. Thousands of inhabitants dwelling in the path of the onrushing waters fled for their lives.

Two large portions of the Yellow River dykes collapsed at the Linputse Area in Chuancheng, southwestern Shantung, due to pressure of the tremendous volume of water from the upper reaches in Honan and Shensi. The flood waters, rushing in a southeasterly direction, reached the districts of Yuncheng and Hotse (Tsaochow) the following day. From Yuncheng the water divided into two streams, one flowing southwards towards the Chaowang and Chushui Rivers and the other making for the Nanyang Lake, near the Kiangsu border, by way of Kiahsiang. All houses and farms crossing the path of the flood were swept away. Part of the embankments at the Lishengtun Area, western Shantung, were also breached.

Chin Feng, secretary-general of the National Economic Council, who returned to Nanking recently from an inspection trip, in an interview said the Yellow River situation is very grave, as usually the highest water-mark is reached during the middle of August, and conditions now are already alarming. He said he was leaving immediately to inspect the situation along the Yellow River and personally supervise dyke repair work.

Two Million Dollars for Flood Relief

In view of the serious flood situation both in the Yangtsze valley and the Yellow River valley, the Central Government has decided to appropriate $2,000,000 for flood relief purposes, H. H. Kung, Vice-President of the Executive Yuan and concurrently Minister of Finance, declared in a press interview at the Central Bank July 12 . Dr. Kung said that this sum had already been included in the National General Budget for the current fiscal year and that the Treasury Department of the Ministry had been instructed to release the money immediately for use. In addition to this appropriation, Dr. Kung said that besides instructing Fu Lu-lin, Chairman of the Yangtsze River Commission, and Chin Fen, Secretary-General of the National Economic Council, to make an inspection of the condition of the River, he had also telegraphed to the various river conservancy organs in the different provinces to strengthen the dykes of the River and take effective measures for flood prevention.

Two Chinese Give Liberally to Flood Relief

A sum of $10,000 was received by Mayor Wu Te-chen from Aw Boon-haw (Hu Wen-hu), and Aw Boo-pa (Hu Wen-pao), noted Chinese philanthropists in the Straits Settlements, as contributions towards flood relief work. The money was sent through the Overseas Chinese Banking Corporation.

British Foreign Secretary Says China Needs Help from the West

An important statement on Britain's policy in the Far East was made by Foreign Secretary Hoare in the House of Commons July 11. "The Government," he said, "believes that steady progress towards order and stability in China can only be maintained by the promotion of good relations between China and Japan and cooperation between them and other countries with similar interests and aims. In a word, maintenance of the principle of the Open Door, coupled with full recognition of China's right to control her own destinies, remains the broad basis of English policy. If China is to regain her historic place in the world, she needs help from the West no less than the East."

Emphasizing the importance which the British Government attaches to Anglo-Chinese relations, the Foreign Secretary referred to the elevation of the British Legation in China to the status of an embassy, to the better living accommodations provided for the Ambassador at Nanking, and to the sending of Sir Frederick Leith-Ross, its Chief Economic Adviser, on an important economic mission.

Lloyd George alleged that the whole machinery of the League of Nations had been discredited. Japan, he said, had defied the League and had "frog-marched China from one province to another."

While a Tokyo Foreign Office spokesman maintained a discreet silence, unofficial Japanese observers greeted Hoare's address as indicating no new departures in Whitehall's Far Eastern policy. The Gaimusho spokesman declined to comment, pending the receipt of a comprehensive report on Sir Samuel's statements.

British National Government Wins Against Laborites

The British National Government under Stanley Baldwin July 2 won against a Labor motion to reduce the Foreign Office Estimates by 236 votes to 40.

Japanese Fertilizer Manufacturers Concerned Over Canton Plans

Japanese chemical fertilizer dealers are concerned over reports that the Chinese Southwestern authorities had set aside $3,000,000 for the establishment of a plant to manufacture lime phosphate and sulphate of ammonia. The machinery for the production of sulphate has already reached Canton and is being assembled by British engineers, who have been employed by Brunner, Mond and Co., who secured the order for the whole factory, according to the reports. The equipment alone was said to cost $2,000,000.

Japanese Army's Encroachment in North China Viewed with Concern by Foreign Residents

By a Foreign Resident of Peiping

FOREIGN residents of Peiping and North China have for months been watching with growing anxiety the steady encroachments of the Japanese army on the indubitable sovereign rights of China, not merely in Manchuria, where Chinese authority has been entirely usurped, but within the Great Wall where it has been undermined by what appear to be unwarranted interpretations of the terms of the Tangku Truce. Foreign residents within the Luantung area, with whom the present writer is in regular correspondence, are unanimous in the opinion that Chinese authority has been rendered ineffective and no effective authority has been set up in its place, a state of things that is amply proved by illegalities of every kind that are committed there mainly by Japanese-protected persons of various nationalities. They now see the rapid approach of similar conditions in the immediate vicinity of Peiping and Tientsin and throughout the province of Hopei; and their reflections on this state of affairs turn on several main points.

In the first place, there is the very obvious fact that the Japanese Government is apparently unable to control the Japanese army. The Manchester *Guardian* recently pointed out that "What the Japanese army does, Japan does." In law, of course, this is true, but foreign onlookers have good reason for believing that the actions of the Japanese military do not represent the best mind of the Japanese Government, and certainly do not commend themselves to the best Japanese lay opinion. There is a wide divergence between Japanese Government declarations, through the Minister of Foreign Affairs and through the Japanese Ambassdor to China, and the actual conduct of the Japanese army, or more specifically the Japanese Kwantung army. The fact that this divergence causes trouble outside Japan itself needs no demonstration. North China at this moment is in a state of profound disquiet and unrest, not because it has been guilty of any crime or committed any misdemeanor that should need punishing, but simply because the Japanese army regards itself as a law unto itself. It has been noticed that whenever the Japanese military authorities in North China are uncertain what action they will take next they consult, not the Japanese Foreign Office, but the Japanese War Office of the Kwantung Army Headquarters. The fact is significant. And it is significant not only for the outside world, but for Japan itself. The unbiased observer cannot escape the conclusion that this complete independence of the Japanese army in action abroad is but a first step, and a very long step, towards independence in Japan itself. Cromwell's army first restored peace and order in England, then engaged, without any parliamentary sanction, in adventures in Ireland, and returned to England to govern the country without parliamentary warrant and in sheer defiance of all constitutional principles; and Cromwell made the country practically bankrupt. It would almost seem, if reports from Japan as to financial conditions there are to be depended upon, that the same steady progress towards bankruptcy is going on there as the result of military adventures abroad.

The second consideration ever present in the mind of the foreign onlooker in North China is that none of the issues that Japan may have believed she had with the authorities in North China could not have been settled without an appeal to a show of force. The authorities in North China have shown themselves sigularly anxious to meet legitimate Japanese grievances or claims in an amicable spirit, and have even been willing to submit to indignities rather than provoke Japanese hostility or animosity. Those of us who live in Peiping have seen every day for months past Japanese-protected persons engaged in the most demoralising traffic right under the very eyes of the Chinese authorities, yet such people have been left entirely to the discipline of their own Japanese authorities. The Chinese authorities have never taken the law into their own hands, so to speak; they have respected, and over-respected, Japanese treaty rights even when those rights have been gravely detrimental to morals and good order. On the other hand, they have never shown themselves unwilling to deal to the best of their ability with legitimate causes of complaint brought to their notice by the Japanese authorities, or any other authorities. An excellent example of this is the case of the murder of Dr. Ingram about a year ago. The case was a most difficult one, but the Chinese authorities worked hard on it and eventually every one of the culprits was brought to justice. At least an equal readiness to consider Japanese grievances has been shown. It has never been necessary for the authorities of any other Foreign Power to resort to threats, to indulge in military demonstrations, to get their just claims or complaints attended to. The Japanese resort to force on any and every occassion has created in the foreign mind here the ineradicable impression that "incidents" are welcomed by the Japanese army simply as an opportunity of displaying force; and this suspicion has in many minds given way to a conviction that not only are "incidents" welcomed, but that they are *created* wth the definite object of providing opportunities for the display of force. Indeed, this is the common impression in foreign minds here, an impression the grounds for which it would be difficult to prove, but so strong that it is accepted without proof. It may be said that the impression gained its first strong hold over the foreign mind as the result of the death of Marshal Chang Tso-lin.

A third consideration ever present in foreign minds here is that it is good neither for China nor for Japan that China should be incessantly called upon unquestioningly to bow to Japanese demands. The whole moral strength of Chinese authority is weakened, undermined, by such forced compliance, so that the Chinese authorities are in constant danger of losing authority over their own people, and thus increasing the possibility of friction with Foreign Powers; and at the same time popular resentment is manifestly increasing. There are signs of this in conversation with ordinary men and women, though it is a resentment that they sedulously keep hidden, and certainly it does not tend to increase Japanese popularity; and in the long run this is bound to injure Japan herself, not because of any threat of boycott or anything of that kind, but because there is in the Chinese mind a rooted objection to the use of violence, and a corresponding contempt for those who resort to it. The difference between the Japanese samurai spirit and the Chinese Confucian spirit is almost inconceivably profound, so profound indeed that the Japanese army, which believes itself to be the incarnation of the samurai spirit, cannot comprehend it, and therefore does not realise how every act of violence, every exercise of force or pressure, creates and reinforces Chinese antipathy to the reign of might. The outsider, however, who proverbially sees the best of the game,

notes this growing resentment on the one side and increasing obtuseness on the other with the gravest apprehension. It presages the very gravest consequences.

Foreigners realize that there is a vastly better side to the Japanese nature than one revealed in the Japanese military authorities but they see no signs of its triumph over the baser side; yet it must be by an appeal to the finer Japanese qualities that victory over the Japanese army must be won, rather than by the conversion of Chinese resentment into active hostility, which may all too easily precipitate the militarization of the Chinese mind, with consequences compared with which even the present troubles will pale into insignificance.

The World Revolution Reaches Another New Low

BY WILBUR BURTON

THE Great Depression has taught us that there is never anything so low that it can't go lower, wherefore there should be no surprise that the World Revolution—which only a few years ago caused most foreign Shanghailanders to look anxiously under their beds for bombs each night—has taken another drop downward. Reference, of course, is to World Revolution stock on the Moscow exchange; Trotsky's rival offering is as yet insignificant, but at least it can't be said to be declining.

It did seem, to be sure, that the World Revolutiyn about reached the bottom with the Roosevelt-Litvinov agreement whereby the USSR pledged herself not even to tolerate on holy Russian soil any organization that was actively opposed to Wall Street, but now comes the Stalin-Laval agreement (concluded May 15, 1935) which makes the old Franco-Czarist alliance look amateurish from the viewpoint of reaction.

Said the joint statement of Stalin and Laval:

> "M. Stalin understands and fully approves the national defense policy of France in keeping her armed forces at a level required for security.

Which means that M. Stalin, as the dominant figure in the Third International, will have to instruct the French Communist Party of the aforesaid Third International to cooperate with the Croix de Feu—the French Fascist organization—in the compaign for increased conscription, bigger and better armaments, and ruthless suppression of any anti-military elements.

Actually, perhaps, there won't be anything quite so forthright as that; instead the French orthodox Communists may keep up a pretense of opposition to the government—like Bismarck's kept socialists of half a century ago. This, in fact, would be the most helpful policy from the viewpoint of the French Government, since the CP can thereby operate as an officially-controlled rallying-point of unrest.

Thus, Moscow is not only a "bear" on the stock of the World Revolution, but a very active "bull" for the gilt-edge securities of the World Counter-Revolution. This is clearly, although not altogether forthrightly, indicated in comment in the New York *Nation* (June 19) on "The Franco-Soviet Alliance" by Louis Fischer, who is the last intelligent and apparently wholly honest radical defender of Stalin's regime. Said Mr. Fischer:

> "Moscow long ago realized that the interests of the world revolutionary movement must be sacrificed to the interests of the Soviet Union as a power. The Bolsheviks say: 'The USSR is a workers' state. The Franco-Soviet alliance gives it peace and the possibility of establishing socialism. We appear to be playing capitalism's game by throwing the Communist (Third) International to the wolves. Actually the capitalists are playing our game by protecting us against the armed attacks of an aggressive fascism. If the foreign Communist parties must suffer from this relationship they should understand that in the end the cause of revolution will be served best by serving the Soviet Union first.' But suppose Moscow signs agreements of mutual assistance with England, Rumania, Poland, and Italy. The Franco-Soviet alliance may prove to be a turning-point in the history of Europe and the history of the world Communist movement as well. Laval learned in Moscow that the Red Army is much stronger than his experts on the French General Staff knew. He also learned that the USSR can give France other than military aid."

It should be pointed out that Mr. Fischer's explanation of the Kremlin's motivation is bunk, unless he intends it to be the Stalinist rationalization. What actually happened is that the consistent failure of the World Revolution to materialize, and other objective conditions which lack of space prevents outlining here, eventually brought the realization to the people in power in Moscow that either the World Revolution would have to be thrown overboard or they would be in danger of losing power. And since (by Marxian dogma which could be applied to Trotskyists as well as to Stalinists) people don't give up power if there is any way of retaining it, the World Revolution was cast into the discard. So also have lots of other socialist ideals been cast into the discard, for (likewise by Marxian dogma) any group functioning as a state develop material interests and psychological attributes that must inevitably make them eventually an exploiting class, but that is a story that does not concern us here.

The chief point, and one of especial interest to China, in Mr. Fischer's analysis is the possible use Nanking might make of the existing Chinese Red Armies. The Chinese Communist Party has long since been sunk practically without a trace, but a few thousand Red soldiers with quite a lot of experience in fighting still remain. All that is needed is a formula—such as (if it isn't "reactionary" to suggest it), opposition to Japan—whereby they could be rallied to General Chiang Kai-shek's support. This suggestion is naturally based on the assumption that these Red Armies are amenable to Moscow's direction, but, if they should refuse to conform to any *ex cathedra* bull by Stalin, that would *ipso facto* prove that they were "counter-revolutionary" and hence doomed to excommunication. Thus Moscow house-organs over the world would no longer ballyhoo them and General Chiang would once again become an object of their affectionate adulation.

And affectionate adulation is a Bolshevik specialty since support of the World Revolution has been abandoned, but naturally most of it is lavished on Stalin. In this connection, it is illuminating of many aspects of current "communist" life to quote a few strophes from a speech by A. Avdeyenko (author of the unreadable novel "I Love") before the Seventh Congress of the Soviets. Said he, according to *Pravda*:

> "Centuries shall elapse and the Communist generations of the future will deem us the happiest of all mortals who have inhabited this earth throughout the ages, because it is we who have seen Stalin the leader-genius, Stalin the sage, the smiling, the kindly, the supremely simple. . . .
>
> "When I met Stalin, even at a distance, I throbbed with his forcefulness, his magnetism and his greatness. I wanted to sing, to shriek, to howl from happiness and exaltation. . . . I write books, I am a writer. I dream of creating a work which will never be forgotten, I love a girl in a new way. . . —all thanks to thee, great educator Stalin."

(Parenthetically, it is to be hoped that Avdeyenko's "new" love-making conforms to the requirement of the current Soviet campaign for more babies, "the tempo" of which, according to *Pravda*, "must be record-breaking.")

Meanwhile, Moscow has not only manipulated its own World Revolutionary stock to somewhere around Absolute Zero, but is doing its best to keep Trotsky's from rising. There have been at least a few minor setbacks in this furious endeavor, as sardonically shown in Stalin's recent book, *The October Revolution*, published by his own International Publishers in New York. On page 30, he says that "all practical work in connection with the organization of the (Bolshevik) uprising was done under the immediate direction of Comrade Trotsky, the president of the Petrograd Soviet," while on page 71 he states that "Comrade Trotsky did not and could not have played any special role in the October (Bolshevik) uprising." This slip, however, was only a matter of careless editing, for the first statement was in a speech made on November 6, 1918, while the second (and maturer) statement was made in a speech on November 19, 1924.

But whatever the future fate of Trotsky's Fourth International, Stalin's Third International has now lugubriously achieved that same innocuous respectability which has been so long enjoyed by its precedessor, the Second International. One final item remains for the future: a protest from some high Soviet comrade against cinematic use of the music of the *Internationale* in a revolutionary scene. Incredible? Well, in 1926, one of the most prominent French residents of Shanghai (later a victim of an alleged Borgia episode) wrote an indignant letter to the *North China Daily News* against the use of the music of the *Marseillaise* in "The Volga Boatman" on the grounds that this majestic martial air of the French Revolution had never been a hymn "of violence and bloodshed!"

Judge M. J. Helmick Applies Chinese Law of Succession

The Chinese law of succession with regard to inheritance of property was recognized by Judge Milton J. Helmick of the United States Court for China July 1 in granting the petition of Harry V. Fuller, an American citizen, regarding the estate of the late Mrs. Lucienne Fuller.

While holding that the decision could not be regarded as establishing a precedent, Judge Helmick ruled that Mr. Fuller, widower of the deceased woman, was entitled to one-fourth, and Mrs. Riedlinger, mother of the dead woman, was entitled to three-fourths of the property and its revenues. The will was then admitted to probate.

The petition made by Mr. Fuller stated that Mrs. Lucienne Fuller died in Paris on July 23, 1934. He claimed American citizenship for himself and his wife and that she had resided at 32 Rue de Lubeck, Paris, while he lives at 355 Greenwich Street, Valparaiso, Indiana, U. S. A.

At the time of her death, the late Mrs. Fuller owned a piece of ground on the corner of Ningpo and Tungchow Roads in the 1st Special Area, Tientsin. The land was 1½ mow and with the buildings thereon is worth about $16,000 local currency. It was not known whether the late Mrs. Fuller left a will or not. The petitioner had been informed that the mother of the deceased claimed the property by virtue of a will made in her favor. Mrs. Fuller left no children surviving her and her known next of kin were her mother and sister residing at 32 Rue de Lubeck Paris.

The Court ordered that the will of the late Lucienne Fuller be admitted to probate without further proof other than the production of the original will or a photographic copy thereof; that letters testamentary be issued to P. H. B. Kent and L. H. Kent without bond and without requiring notice to creditors by advertisement; that the immovable property and the rents and proceeds referred to shall be the property as to one-fourth thereof of Harry V. Fuller, the petitioner and as to three-fourths thereof of Mrs. Esther Riedlinger Jeannin, the intervening petitioner. That Harry V. Fuller take nothing under the will of the late Lucienne Fuller; that the accounts and reports of the Receiver may be approved and allowed; that the Receiver be continued in charge of the property to collect rents and effect the sale thereof for the compensation of 5% of all rents and of 2% of the gross sale price, if the property is sold or 2% on the estimated value thereof on the termination of the receivership. Provided, however, that no sale of the property shall be made by the Receiver without the approval of the petitioner and the intervening petitioner by their respective counsel, if any, or failing such approval without an order of the Court expressly authorising the sale—*North China Star*.

Trying to Solve the Emperor-Institution Theory in Japan

The *Tokyo Asahi* says the Navy leaders recognize the difficulty of seeking an overnight solution of the national policy question because the co-called Emperor-institution theory has remained unsolved for more than 30 years, and say that a hasty solution might leave evils for the future. So long as the Government is progressing toward a proper solution, the Navy will not, they say, demand a hasty solution but hope that a proper and lasting solution will be forthcoming.

Should the Government delay its solution or try to evade its responsibility, the Navy leaders would take a different attitude. Such is their determination. What arouses attention in this connection is the fact that the Navy leaders are taking caution against the issue being made an impure tool for forcing the Cabinet's downfall. From this viewpoint the Navy Minister apparently intends to excercise caution in cases such as when the national policy clarification committee of the Seiyukai seeks an interview with the Navy Minister.

According to a *Rengo* report from Tokyo on July 17, Gen. Watanable, new director-general of military education, refused to discuss the so-called "Emperor-Organ" issue prior to a consultation with Gen. Hayashi, Minister of War. Gen. Watanabe recently succeeded Gen. Mazaki, who was removed from office by the General Staff, the purpose being to "promote complete control and unity in the army." The *Rengo* report stated that the "Emperor-Organ" question was the outstanding political issue in Japan due to the action of the Diet in officially repudiating the theories of Prof. Tatsukichi Minobe that the Emperor was an "organ" of the State. The army insisted that the Emperor was the State.

Reds in China Allegedly Aided Pacific Coast Strikes

Communist elements in the ranks of Pacific Coast longshoremen's unions were directly linked to Communist leaders in China, in a sensational report submitted to the International Longshoremen's Association at its annual convention in New York July 13.

The report was made by an anonymous investigating committee of the I.L.A. It charged that Communists had created an organization for the purpose of intensifying Communist activity among Pacific Coast maritime workers, and declared that this organization maintains a liaison in China through a man named Dolson, whose Chinese name is Do On-ting. This man, according to the report, allegedly handled funds for transmission to Chinese Communist leaders. The report asserted that Do On-ting sends messages to the United States, concealed in the lining of Bibles and other religious books.

The investigators also charged that the Communist organization's agent in the Hawaiian Islands is a Japanese priest named Kakahashi, of Honolulu. The priest later issued a vehement denial.

A contact at San Pedro, California, according to the report, was maintained through a Mrs. Fuzikawa and a fisherman named Tschiba, both Japanese.

The organization's courier across the Pacific, according to the report, was a Filipino named Juan Simon who posed as a seaman aboard trans-Pacific liners.

Harry Bridges, Australian-born leader of the left-wing forces in the Pacific Coast unions of the I.L.A., branded the reports as "a tissue of lies".

Cameron Forbes Assails U. S. Silver Policy as Harmful to China

W. Cameron Forbes assailed the United States silver policy in so far as its effect on China was concerned at a luncheon at the India House in New York July 16. Mr. Forbes said also that the United States-Japan trade balance was so heavily against the latter country that Japan would soon find sources of supply other than the United States for its principal products, especially cotton.

Mr. Forbes recommended to the group of business men present that the United States make investments in China.

Dr. Alfred Sze, Chinese Ambassador to the United States, and Stanley K. Hornbeck, Chief of the Division of Far Eastern Affairs in the Department of State, also spoke at the meeting.

Dr. Alfred Sze reaffirned China's intention to maintain the open door policy. He said, "China has long seen the justice of dealing with other countries with equality, given full adherence to the open door policy."

Japanese Believe North China May Bring Economic Advantages Where Manchukuo Failed

BY DR. S. WASHIO

(*In the Japan Advertiser*)

THE trepidation with which the army's move in North China was looked upon by the general public, to which it came rather surprisingly, has began to change to buoyant expectancy of the economic possibilities which the establishment of a friendly power there may open up. The North China problem has as yet been solved only in so far as the conditions of the army's ultimatum have been realized without war and without such diplomatic trials as the Manchurian affair brought in its wake. What friendly power may be established there and how it may develop is still a problem. But the expectancy of economic possibilities that may be opened up in the wake of the army's achievement surpasses that following the Manchurian affair. There is less sensation about it, but the promise held out is believed to be more real.

"MEET MY PAL"

This cartoon, reproduced from the Glasgow, Scotland, *Bulletin*, was suggested by the recent-declarations of Japanese army officers regarding Sino-Japanese "cooperation."

Wild Manchurian Hopes

It will be remembered that in the early days of the Manchurian affair wild hopes of Manchuria's economic possibilities were held out, together with the suggestion of radical transformation of the economic system at home, particularly by younger army officers. They were impractical illusions destined soon to disappear. More practical development works along beaten channels of investment followed. Manchukuo's finance has been admirably readjusted, railway, telegraph and other utility services have been improved, trade figures have jumped up, and in three years since the establishment of the new state some Yen 500,000,000 has been invested. But the result of these development works has not been without disappointing and disquieting sides. The development of some industries in Manchuria, notably sulphate of ammonia and steel, has produced competition with home industries. The increase of exports to the new state, phenomenal as it was in figures, had little effect in improving Japan's international balance of account, since the purchases were mainly made with Japanese capital invested there. Further, it has been found that no small part of this invested Japanese capital was flowing into North China in the form of remittances from the people of Manchukuo, 80 per cent of which came from North China, Shantung and Hopei particularly. It has been found also that the stream of North Chinese immigrants that rose as high as one million a year in the days of Chiang Hsueh-liang has continued scarcely unabated since the restoration of peace in the new state, while Japanese colonization has apparently failed. But the more fundamental disappointment is the fact that Manchuria does not produce at present and probably can never be made to produce some of the things which Japan vitally needs, notably cotton and wool.

North China Will Change Situation

But all this will be changed if North China can be brought into an economic bloc with Manchukuo and Japan. Then the stream of Shantung and Hopei coolies, the labor they bring to development of Manchuria, and the money they take to their motherlands, will become an exchange process within the same economic bloc, contributing to the object of common prosperity. For Japan it will not matter how much her invested capital in Manchuria may be drawn to North China, for there too Japanese capital is needed for development. The phenomenal increase of Japanese exports to Manchuria in the past three years has been brought about largely by Japanese capital functioning as the purchaser. Apart from this the promise of Manchuria as a market is rather limited, and reaction to the prosperity of the past three years is to be apprehended when the first reconstruction period of the new state has passed. North China has a far greater promise as a market. If the four provinces of Hopei, Shantung, Shansi and Chahar may be included within the economic bloc Japan wishes to constitute, the total of their population will be double that of Manchukuo. The climate in these provinces is far milder than in Manchuria, better adapted to penetration by Japanese colonizers. They are all old provinces, the seat of the ancient civilization of China, but in a modern sense they are even less developed than Manchuria. Their peoples belong to the same race as 80 per cent of Manchukuo's population, inheriting the same traditional habits and with the same family attachment, all of which distinguish them from Southern Chinese. From 80 to 90 per cent of the North Chinese are peasants, and about 60 per cent of the peasants are small holders, whose lands are, however, more or less mortgaged. Tenants and peasant proprietors are alike ex-

ploited by absentee landlords, military bosses, city merchants, and bandits. That their conditions of living are pitiably low can easily be imagined from the stream of immigration from the mild climate at home to the hard climate in Manchuria.

Liberation of Peasants

The first business of the friendly new administration Japan wishes to see in North China should be liberation of these peasants from extortion. What has been done in Manchuria since clearing it of the old Mukden regime might be an example for these peasants to look to. Or they may not look so far away. In North China itself there is Shansi, a poor hinterland province and yet comparatively contented under the Monroe doctrine of Yen Shi-shan. What North China needs first of all is peace and order and freedom from the extortion, continuous civil war and political strife has imposed on it.

But there are more positive aspects of hope both for North China and Japan. Some of the things Japan needs vitally and which cannot be supplied by Manchuria may be produced in North China. The possibility of supplying Japan's need of cotton and wool, for instance, by North China does not seem so remote and fanciful as that with regard to Manchuria in the early days of the Manchurian affair. The climate of Shantung, Hopei and Shansi is fitted for production of cotton, and there is already substantial acreage devoted to such cultivation. Both enlargement of the acreage and improvement of the quality of the product by Japanese encouragment seems to be a highly practical proposition once peace and order under a friendly power is sequred in North China. A similar promise can be expected of sheep raising. The stock waiting to be improved already exists in Hopei, Shantung and Chahar. For North China these possibilities of its agricultural industries can only be opened up by Japan's demand and assistance. And in so far as North China will be enriched by these possibilities its market value for Japan will also be increased.

Economically these possibilities of North China are far greater than anything Manchuria can ever offer. If, therefore, the political stability of North China is going to be secured under a friendly power, the investment activities of Japanese industrial and commercial interests, which have fallen off in Manchuria, may re-start with redoubled vigor in North China. The deadlock felt to be approaching in the prosperity this country has been having since the Manchurian affair may be completely obviated. It is ironical that the move of the army, which the general public including business interest looked on with trepidation and surprise has opened up such vistas almost with no sacrifice and no expenditure.

"OIL FOR THE LAMPS OF CHINA"

The title of this cartoon, reproduced from the Washington, D. C. *Post*, was suggested by Mrs. Hobart's recent book.

China Practically Only Market Left Open to Japan at Present

The problems of Japanese trade with China, especially in the light of recent events not only in China but throughout the world, and Japan's trade relations with the United States and its bearing on China forms the subject of a trade report received in Nanking from Chinese commercial circles in the Island Empire (printed in the *China Press* July 15).

The cardinal point of the whole report, as interpreted by economists, is that as far as Japanese exports are concerned, Japan sees China as her only available market, the rest of the world having shut its doors against her products in an effort to benefit its own industries. This factor, the economists point out, best serves to explain the attitude of Tokyo in her efforts to speed up a Sino-Japanese economic rapprochement and her more recent striving for economic co-operation.

Japan's trade figures with China for the first half of 1935 are indeed significant and constitute the basis of the opinions advanced by the economists. Up to June 30, import of Japanese goods into Shanghai amounted to 187,000 tons as against 128,000 tons for the same period in 1934. Among the Japanese imports, sugar was the most important, amounting to 12,800 tons as compared with 8,911 tons during January-June 1934. On the other hand, and a sad commentary on Chinese trade with Japan, Chinese exports shut its doors against her products in an effort to benefit its own industries.

The report reveals that Japan's trade relations with the United States over the past few years have a most significant bearing on Sino-Japanese trade. In the year 1930, says the report, Uncle Sam was the heaviest importer of Japanese goods. Of a total of 1,497,858,000 yen of Nipponese exports, the United States imported 506,112,000 yen worth of Japanese products, which occupied 34.43 per cent of the total exports of the Island Empire in that year.

China, on the other hand, received Yen 403,852,000 worth of Japanese goods in 1930, taking in 27.43 per cent of the total Nipponese exports.

(*Continued on page 256*)

Japan Army and S. M. R. Decide on Plans to Exploit North China; Nanking Denies Rumors of Major Changs

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Japan Seeks Air Line to Link North China With Manchuria.**
2. **Kita Says China now Understands Japan Better.**
3. **Kwantung Army Threatens Forcible Ejection of Chahar Troops.**
4. **Chinese Volunteers in Manchuria Grow in Size and Strength.**
5. **Japanese Reports on New Stage of China's Policy towards Japan.**
6. **Anti-Japanese Passages in School Textbooks to Be Deleted.**
7. **Japan Offers Military Assistance to China in Suppression of Reds.**
8. **Szechuan Communists Break Through Government Line at Moerkai.**
9. **Nanking Denies Rumors of Impending Major Political Changes.**
10. **Yunnan Burma Border Demarcation Commission Appointed.**

Rengo reported from Changchun on July 12 that complete accord on the plans for the economic development of North China was reached between the South Manchuria Railway Company and the Kwantung Army at a day-long conference on July 11 between Yoshiaki Hatta, vice-president of the concern, and Gen. Jiro Minami, Commander-in-Chief of the Army. At the meeting, attended by many high officers of the Kwantung force, it was agreed that a comprehensive survey of North China requirements was necessary before any definite scheme could be formulated. It was further agreed to entrust the S.M.R. with the task of making the survey, placing all independent investigating groups already operating in North China under the supervision of the firm. A special organ to direct and supervise the survey will be set up under the terms of the accord reached by the S.M.R. in Tientsin, from where research parties will be sent to all parts of North China. The S.M.R. has already dispatched two high officials to Tientsin to make arrangements with the Chinese and Japanese authorities there for the commencement of the survey. Other power and mining concerns are also reported to have started inde pendent investigations, which will now be brought under the S.M.R. The army's first bid for the co-operation of the Yen 800,000,000 Japanese railway firm in the development of N. China industries and resources was made on July 3, when Maj.-Gen. Kenji Doihara, director of the Special Service Section of the Army in Mukden, approached Mr. Ishimoto with definite proposals.

JAPAN SEEKS AIR LINE TO LINK NORTH CHINA WITH MANCHURIA

Replying to a written question put to him by Chinese press representatives on July 15, Wang Keh-min, acting chairman of the Peiping Political Readjustment Council, declared that no negoitations have been conducted between Chinese and Japanese authorities in Peiping regarding the reported Sino-Japanese economic co-operation in North China as published in the Japanese press.

Asked as to what was the object of the invesetigation party organized by Japanese industrialists which is arriving in Peiping, Mr. Wang said that he had no knowledge of the visit of the party and therefore was unaware of its object and scope of activities.

To the question as to whether it is true that representatives of the South Manchuria Railway would come to Peiping shortly to discuss communications questions between North China and Manchuria, Mr. Wang replied that he had no information regarding the matter.

Mr. Wang, however, admitted that he had been approached by the Japanese authorities regarding the inauguration of an aerial service between North China and Manchuria, but added that he had referred the matter to the central government for consideration and so far no reply has been received from Nanking.

COL. KITA SAYS CHINA NOW UNDERSTANDS JAPAN BETTER

The growing understanding of Japan on the part of the Chinese government and the economic difficulties besetting China were given as the main factors responsible for the early settlement of the North China controversy by Col. Seiichi Kita, chief of the China Section of the Army General Staff. This view was expressed by Col. Kita in a press interview on his return on July 11 from an extensive tour of all parts of China.

"The settlement of the North China dispute has cleared the political atmosphere in that area," Col. Kita said, "The situation will, however, require constant attention."

Commenting on the situation in the Southwest, Col. Kita said that the provinces there are "making the outward showing of friendship to Japan," although they criticize the Nanking Government for the settlement of the North China dispute.

JAPANESE TRADE WITH CHINA HAS DECLINE DURING JUNE

Rengo reported that Japan's trade with China, "Manchukuo," Hongkong and Kwantung Leased Territory showed a drop of 3.61 per cent of Yen 6,509,000 during June as compared with the corresponding month of last year.

Of the total trade of Yen 68,867,000, exports amounted to Yen 45,757,000 and imports totalled Yen 23,210,000. The large decrease in trade as compared with June of 1934 was ascribed to the drop in imports from East Asiatic countries, with exports there showing a small gain.

MORE DEMANDS PRESENTED TO CHAHAR CHAIRMAN BY JAPANESE MILITARY

General Chin Teh-chun, acting chairman of the Chahar provincial government, was taken ill on July 12 following two conferences with Colonel Matsui, representative of the Kwantung Army at Kalgan, and had been confined to his home.

Colonel Matsui arrived at Peiping from Kalgan in the morning of July 12, and immediately called on General Chin at his private residence. They were closeted together two hours, and had another two-hour meeting in the afternoon.

Chinese and Japanese reports vary concerning the nature of the discussion. According to Chinese reports, Colonel Matsui brought up several demands in connection with a new Sino-Japanese incident near Dolonor. Japanese reports state that Colonel Matsui conferred with General Chin on the question of Chinese peace preservation corps in East Chahar. The proceedings at the two meetings are being kept in strict secrecy, though Chinese reports intimate that no agreement was reached.

KWANTUNG ARMY THREATENS FORCIBLE EJECTION OF CHAHAR TROOPS

Kwantung Army leaders announced on July 12 that unless the troops of General Sung Cheh-yuan, former Chairman of Chahar Province, immediately evacuate from the province, they would be compelled to take action resulting in their forceful ejection.

The anti-Japanese activities in Chahar are listed by the Japanese Kwantung Army as follows:

1) Anti-Japanese maps are hung before the doors of barracks at Miaotan, and anti-Japanese slogans are posted at various places.

2) A map claiming the recovery of lost territory was discovered in the barracks at Changpei.

3) Defence work is being strengthened at Changpei and along the Great Wall.

These activities are not in keeping with a desire for a peaceful settlement of Chahar question, says *Shanghai Mainichi* on July 12.

NORTH CHINA JAPANESE YOUTH ORGANIZATION SAID DISSOLVED

The spokesman of the Japanese Embassy at Peiping confirmed on July 10 the report emanating from Chinese sources that the Japanese consulate in Tientsin has ordered the dissolution of the Japanese youth organization known as the North China Young Men's League, which was founded last year. Contrary to reports, however, he said that similar action had not been taken in Peiping. He described the league as an "unimportant body of youths."

Chinese circles state that the president of the league and 11 other prominent members, including some Koreans, have been deported to Japan and forbidden to live in any part of North China for three years.

It may be recalled that members of this league caused much trouble in Tientsin last year, when they made several attempts to prevent officers of the Chinese Maritime Customs from examining baggage arriving by steamer from Dairen.

It is generally believed that ronins belonging to this League, who afterwards were arrested and deported to Japan, were mixed up in the recent attempt by rebels to seize Peiping.

CHINESE FORCE IN MANCHURIA GROWING IN SIZE AND STRENGTH

Despite the vigorous campaigns carried on by the Japanese forces against them, the Chinese volunteers in Manchuria are growing both in size and in strength and are creating disturbances in various parts of the country, particularly in the mountainous districts in Kirin, according to information received at Tientsin from outside the Great Wall.

The information states that according to a report recently published by the Japanese Kwantung Army Headquarters, the number of volunteers had been increased from 25,000 in April last to 28,000 in May and up to the end of May, no less than 195 battles had been fought with the Japanese. While the exact number of the volunteers now operating in Manchuria cannot be ascertained, the information states that they must have grown still larger in size in the course of the past two months.

According to *Shanghai Mainichi*, following the settlement of the North China incident, the anti-Japanese propaganda has been completely deleted from textbooks for primary schools. However all the colleges, universities and middle schools in North China still maintain their anti-Japanese position. According to the paper, graduates from the Central Military Academy have been sent to the 32nd and 29th Armies for further military training. The Japanese troops in Tientsin regard these activities as proof of the Chinese authorities' insincerity in the settlement of the anti-Japanese question. The Japanese authorities are expected to send warnings to the Chines authorities.

Shanghai Mainichi reported on July 10 that fearing that currency control system over foreign banks will be put into effect in the nearest future by the Manchukuo Government, both the Bank of China and Bank of Communications in Mukden, which have bought over a million dollars worth of Manchurian currency, are selling this type of currency on a large scale. According to the paper, $170,000 worth of this currency have been sold by these branches of Chinese banks.

The finances of Hopei province are in a poor plight and General Shang Cheng, Chairman of the Provincial Government, is reported to have petitioned the Central Government for assistance in order to meet the heavy expenditure of the province. According to General Shang, the provincial budget for the current fiscal year is facing a huge deficit of $6,000,000.

TIENTSIN BANKS MOVES TO STOP SILVER SMUGGLING

Measures aiming at the prevention of smuggling of silver from Tientsin to points outside of the province have been adopted at a conference of financial leaders convened by Cheng Ke, the new Mayor of Tientsin, according to *Central News*. According to one of the decisions, the old method employed by the former Mayor, Chang Ting-ao, of posting special inspectors at the various banks will be reintroduced. These inspectors will be instructed to keep an eye on those who demand silver dollars for their notes will be questioned by the inspectors as to the exact purpose of the silver requirements.

Meanwhile the Joint Savings Society on which "silver" runs occurred a few days ago has issued a public notice to the effect that hereafter banknotes issued by the China and South Seas Bank will be exchanged with those issued by government banks instead of being converted into silver dollars. The Industrial and Agricultural Bank of China will also adopt this limited redemption system in order to discourage silver amuggling.

Chang Tse-chan, Editor of *Ta Kung Pao*, at Tientsin, is missing reported *Shanghai Mainichi* July 11. The paper says that Mr. Chang has been closely connected with the Japanese, and has opposed the political doctrines of the Blue Shirts. The paper therefore believed that Mr. Chang has been secretly arrested by the Blue Shirts. Mr. Chang is a returned student from Japan, and was a revolutionary during Yuan Shi-kai's attempt to be emperor.

MONGOL CHAIRMAN RESIGNS BECAUSE OF OLD AGE

Pleading advanced age and the consequent inability to shoulder the heavy responsibilities involved in his post, Prince Yun, chairman of the Mongolian Local Autonomy Political Council, has telegraphed to the National Government, tendering resignation from his post. In view of the high esteem in which Prince Yun is held among the Mongolian people and the meritorious service he has rendered in connection with the work of the Council, it is learned that the Central Government has decided to reject his resignation and persuade him to remain in his post.

PAO CHENG COTTON MILL AT TIENTSIN CLOSES

More than 2,000 workers in Tientsin have been thrown out of work as a result of the sudden suspension of operation of the Pao Cheng Cotton Spinning and Weaving Mill there. The mill which had been insolvent for some years, was officially closed on July 14. Established 17 years ago, the mill had now 15,000 spindles and was rated as one of the six largest mills in Tientsin.

In recent years, owing to the high capital cost of its produce and the dumping of Japanese cotton goods in North China, the mill had suffered heavy losses. The immediate cause of its closure, it is learned, was due to the refusal of its creditor banks to accommodate it with more funds.

The mill now has an asset of about $3,000,000, while its outstanding obligations are said to exceed that amount. The local Bureau of Social Affairs is making an investigation into the matter and devising measures for the relief of the unemployed workers.

A NEW STAGE IN CHINA'S POLICY TOWARDS JAPAN

Shanghai Mainichi reported on July 14 that Much significance is being attached by many circles to the recent conference of the members of th so-called 'Chi Jen Pai' (The Clique acquainted with Japan) including Tang Yu-jen, vice-Minister of Foreign Affairs, Gen. Ho Yin-chin, Minister of War, and concurrently Chairman of the Peiping Branch of the Military Council, Gen. Chang Chun, Chairman of Pueh Provincial Government, General Hwang Shao-Hsiung Chairman of Chekiang Provincial Government, and General Chen Yi, Chairman of Fukien Provincial Government. Both General Hwang Shao-hsiung and General Chiang Tsi-pin, the Chinese Ambassador to Japan, recently went to Chengtu by air to make a report to General Chiang Kai-shek on the Japanese attitude towards China, and made proposals in connection with the future policy of the Chinese Government towards Japan.

General Hwang further frankly explained Japanese intentions in connection with the North China and Hsin Sen incidents, and emphasized that Gen. Chiang Kai-shek's evasion of direct responsibility to cope with the present situation constitutes the most important obstacle to the mutual understanding between the countries.

Gen. Chiang Tso-pin pointed out that both the Japanese authorities and people have shown their utmost willingness to render assistance to the development of China, and stressed that Gen. Chiang Kai-shek should make direct contact with the Japanese in order to settle all questions. It is expected, therefore, that Gen. Chiang Kai-shek will leave for Omei Mountains from Chengtu for a brief rest and will elaborate measures for the settlement of Sino-Japanese questions. After that he will return to Nanking immediately. These steps which Gen. Chiang Kai-shek is to take are fundamentally necessary for the normalization of Sino-Japanese relations. The continuance of the Nanking Government's "show policy" would only tend to hasten the collapse of the regime.

Shanghai Mainichi reported on July 14 that on July 1st instructions were issued by Chen Li-fu and Chen Kuo-fu, leaders of the CC Group, to the various Kuomintang organs for the resolute continuance of anti-Japanese activities. Special attention is being paid by various sides concerned to the anti-Japanese attitude of this group.

NATIONAL HUMILIATION" LESSON TO BE DELETED FROM TEXTBOOKS

The Bureau of Education of the Municipality of Greater Shanghai, at the request of local Japanese authorities, has circulated orders to the 220 mass education schools in Chinese-controlled territory, advising that the lesson on "National Humiliation" should be excluded from the textbook.

"National Humiliation," singled out by local Japanese authorities for exclusion from the textbook, is the 29th lesson in the first volume of Mass Education textbook. A translation of this lesson follows: "The humiliations of our country began with the Opium War. During the past century there have been many humiliations. There is no freedom and equality to speak of in the relations of our country with other countries. Since September 18, 1931, the northeastern provinces have been occupied. There is not a single Chinese citizen who does not feel sorry for this. Loyal and brave generals and soldners and industrious people the country must have the same feeling and units their strength so as to able to save the country."

The Japanese Government has decided to reopen the Consulate at Chengchow, Honan, which was suspended seven years ago, for the purpose of furthering the development of Sino-Japanese relations. Mr. Sasaki, the Vice-Consul at Changchun, has been appointed the Consul to Chengchow. The office will start functioning at the end of this month.

According to *Shanghai Mainichi*, Yuan Hsiao-yao, otherwise known as Yuan Shu, the editor of the journal "China in Foreign Eyes," who had been arrested by the Chinese authorities on the charge of being a Communist, is reported to have been shot. According to Japanese views, the Chinese verdict in Mr. Yuan's case was merely a pretext for killing a pro-Japanese journalist. Special attention is being paid by the Japanese to the case.

JAPANESE INTERESTED IN CANTON FERTILIZER PLANT

Japanese chemical fertilizer dealers in Tokyo are concerned over reports that the Chinese Southwestern authorities had set aside $3,000,000 for the establishment of a plant to manufacture lime phosphate and sulphate of ammonia.

The machinery for the production of sulphate had already reached Canton and is being assembled by British engineers who have been employed by Brunnr, Mond and Company who secured the order for the whole factory, according to the reports. The equipment alone was said to cost $2,000,000.

JAPAN OFFERS MILITARY ASSISTANCE TO CHINA IN SUPPRESSION OF COMMUNISTS

"Japan is not averse to offering military and economic assistance against the communists if China desires," says *Asahi*, one of the leading Japanese dailies at Tokyo, in an article on July 14. The journal says that Japan's diplomacy from May, 1933, to January 1935, was chiefly directed at restraining foreign influences in eastern Asia. In this connection, the *Asahi* continues, marked disfavor was shown towards foreign loans to China and technical assistance for that country. The newspaper says that the Foreign Office is now contemplating a more concrete and positive policy for co-operation with China. Much significance, it says, is attached to this policy.

For the purpose of stabilizing the situation in the Orient, the Japanese Foreign Office is inclined to render every assistance to the Chinese in their reconstruction work, according to a report in *Shanghai Mainichi*. First of all, the Japanese Government is preparing to cooperate with the Chinese authorities in wiping out Communistic influence in the Far East. The Japanese Government will not refuse to render assistance to the Chinese Government in its punitive campaign against the Communists, if the latter sincerely asks for aid.

SZECHUAN REDS BREAK THROUGH GOVERNMENT LINE AT MOERKAI

Desperate efforts by the Reds to break through the line of government blockhouses in the mountains in the vicinity of Moerkai have at last succeeded, according to a *Reuter* telegram from Chengtu July 15.

The defenders under General Li, suffering from a severe shortage of ammunition, have been compelled to abandon their positions and retreat to their headquarters in Buli Temple, at the foot of a mountain, where they were still under siege by the Reds on July 13. On the afternoon of that day, fighting was also in progress at Yangkuotang, southwest of Sungpan, while the Reds from Sungpingkow, further south, launched an attack against General Chow's battalion at Warli, but were repulsed. Prisoners state that the 9th Red Army was engaged in the battle.

Meanwhile, the attempts of the Reds to push their way into Kansu have become more pronounced. Several thousands of them have managed to penetrate through the mountains to Hsiahpa, west of Sungpan. Local militia assisted by tribesmen, are defending the town. The Reds from Mowkung, pressing north, have reached the vicinity of Suitseng, or Suching, after traversing the Kongker Pass, which lies at an altitude of 6,000 feet.

The Government forces launched an attack on the Reds at Moerkai on the night of July 11, killing one of their captains and several men. There is now a large movement of Reds towards the north, and it is indicated that the communists in the south, under Chu Teh and Mao Tze-tung, are making preparations to move in the same direction. Fighting takes place daily, though thtre is no definite change in the situation.

The northernmost town in the Red area is Tomochiao, west of Lunganfu, from where a narrow Red belt extends towards the south with Mowhsien as its center, embracing Lifang and Weichow and extending as far as Mowkung. In this mountainous territory the Reds are entrenching at strategic points and are desperately trying to avert the constricting pressure of the Government troops. They are endeavoring to break through to the plains where food is now available, for instance to Tayakou and Chiengushan. The Reds made a flank attack on July 7 which caused Commander Yih's regiment to "suffer somewhat heavily."

Government airplanes on July 14 bombed a force of 800 Reds fleeing along the road west of Peichuan, towards Mowhsien.

COMMUNISTS MEET WITH FRESH REVERSES AT HANDS OF GOVERNMET

Reuter reports that the Reds under Hsu Hsiang-chien are making desperate efforts to escape being caught by government troops and are fleeing north towards the Kansu border along trails west of the main road through the Sungpan valley. The communists are stated to be making efforts to capture blockhouses near Moerkai, southwest of Sungpan, in order to facilitate their flight northwards.

Some of the Reds taken captive state that the 30th Red Division is now stationed at Sungpingliang and Sungpingkou, while part of the 4th and 34th Red Armies are now at Yakuchai. These are villages situated in the mountains south of Moerkai on the upper waters of a tributary to the Min River.

The flight of the communists into almost impassable mountain regions is stated to indicate that they have given up hopes of either penetrating to the fertile plains of Szechuan or being able to remain where they are.

SZECHUAN REDS PREPARE TO MAKE BREAK FOR SINKIANG

Short of foodstuffs and munitions, the Reds in Szechuan are trying to break through to Sinkiang and Kansu, *Reuter* reported from Chengtu on July 10.

A force of about 1,000 Reds appeared at Moerkai, west of Sungpan on July 8 and attacked Government blockhouses. A communist prisoner stated that three Red regiments had started a trek through the mountains from Mowhsien on the morning of June 30 in an effort to obtain control of the passes. The presence of an increasing numbers of Reds is reported on the right bank of the river, northwest of Pingyipao. Another captive said that, while escorting a supply of foodstuffs, he heard one of the political directors of the Red Army say: "We are now facing a shortage of food. Another two months and there will be snow. It is inadvisable for us to remain here. Unless we fight our way out to Pikow, in Kansu, we shall have no way of escape."

Other reports state that Chu Teh, the notorious Red commander, is disbanding some of his men to conserve food supplies. The 4th Red Army, which fled in the direction of Mowhsien from a point west of Peichuen, is stated to possess more men than arms, while each armed red has at the most five cartridges.

GEN. CHIANG URGES TEACHERS AND STUDENTS TO SACRIFICE FOR WELFARE OF NATION

The responsibilities of teachers and students were dealt with by General Chiang Kai shek, president of the Military Affairs Commission, in the course of an address delivered at Chengtu, at the weekly memorial service on July 10.

Pointing out that the future of the country lies with the south of the nation. General Chiang said that each young man should consider it his duty to strive for the nation's regeneration. The students must sacrifice his personal freedom and equality in order to attain freedom and equality for the nation. Personal interests must be subordinated to considerations of the public weal.

On the morning of July 15, 10,000 persons—officials, citizens and students—attended a memorial service held in a public park in Chengtu, and listened to an impassioned appeal from General Chiang Kai-shek to realize that the future of the nation depends upon an understanding by the people of what the national flag means, and what the principles of the New Life Movement portend. A dramatic touch to his references to the sacred nature of the flag and its importance as a symbol of a united China was supplied by buglers saluting the hoisting and lowering of the emblem. The meaning of the flag will in future be taught to students in schools and colleges.

In accordance with instructions from Gen. Chiang Kai-shek, the Summer Military Training, which was scheduled to be conducted at Lushan, Kiangsi, will be opened in the vicinity of Chungking, according to *Shanghai Mainichi* July 11. Officers of various government troops and officials of local governments will be subjected to the training.

AIRPLANE PLANT TO BE BUILT AT CHUNGKING

According to *Shanghai Mainichi*, construction of a large airplane plant at Chungkiang is being planned by the Chinese military authorities. German and Chinese interests will build the plant jointly. Besides being a strong base for the Government air force in their suppression of Communists, the new plant will have repair and assembling shops. The site of the plant is located outside of the city of Chungking. The Chinese authorities are negotiating in this connection with Junkers Aviation Concern through the mediation of the Eurasia Aviation Company.

Two Korean Communists were arrested on July 10th in the French Concession, by the Japanese police, with the assistance of the French Municipal Council policemen, according to a report in *Shanghai Mainichi*. During the secret inquiry of the case, the Koreans called themselves Han Yun and King Po. It was found that they had participated in the partisan movement of the Chinese communists under the command of Hsu Hsiang-chien in Szechuan.

BURMA-YUNNAN BORDER DEMARCATION COMMISSION APPOINTED

The commission to determine the southern section of the undemarcated territory between Yunnan and Burma, has now been formed as the result of an agreement between the British Government, the Government of India, and the Chinese Government, according to an announcement by the British Embassy.

The members of the Commission are:—Col. Iselin (Chairman), of the Swiss Army, representing the League of Nations; J. Clague, Commissioner of the Federated Shan States, representing the British Government; F. S. Grose, Deputy-Commissioner of the Burma Frontier Service, representing the Government of India; Liang Yu-kao, Counsellor to the Ministry of Railways, and Yui Ming, Advisor to the Treaty Commission of the Waichiaopu, representing the Government of China.

Besides the Commissioners listed above, it is understood that a number of experts and assistants are to be attached to the Commission.

The Overseas Chinese Association for the Assistance of Chinese Residents in Siam has addressed a letter to the second Siamese goodwill mission, now in Hongkong, earnestly requesting them to urge their government immediately to abolish all oppressive measures against Chinese nationals. The association says if steps are not taken to put an end to the anti-Chinese movement, relations between China and Siam should be severed. The telegrams suggest that the import of Siamese rice into China should be banned until the Siamese "come to their senses."

KWANGTUNG PROGRESSES IN TELEPHONE COMMUNICATIONS DEVELOPMENT

The plan of the Provincial Department of Reconstruction of Kwantung to link up all the principal towns and districts of the province by a network of long-distance telephon lines is making considerable headway. According to an official announcement, the work is progressing smoothly and, within five months, a most up-to-date telephone service between Canton and Kongmoon, as well as between Canton and Shekki, in the Chungshan district, will be in operation.

Services between Canton and Swatow and Canton and Shiukwan are expected to be inaugurated some time in May next year. These long-distance telephone lines are to be linked up with the radio chain, so that subscribers in Canton will be able, when the radio-telephone project of the Ministry of Communications is completed, to telephone to Europe nad the United States.

It is reported that the Canton Municipal Government is contemplating to negotiate a new loan of $5,000,000 with foreign business interests in Hongkong to be secured on the newly-acquired beach land at Haichu and the new Electric Power Plant. If the loan can be successfully concluded, it is reported, the Municipal Government will appropriate $3,000,000 for the liquidation of the obligations incurred in connection with the engineering work on the plant and devote the remaining sum to the construction of an iron bridge at Hsihaokow.

CANTON SAID TO HAVE ORDERED 200 AIRPLANES FROM ABROAD

The *Shanghai Mainichi* reported that nine planes which the Kwangtung Government had ordered from Germany, arrived in Canton July 4. Some 200 more planes, eighty of which will come from the United States, and 120 from Germany, are expected to arrive in the near future. Besides the above, scouting planes have been purchased from America and more bombers from Italy. Squadrons of bombers, and scouting planes will be formed by the Kwangtung authorities. Each squadron will have nine planes. Although the airplane plant at Shaokwang, in the northern part of the province, is manufacturing planes for government use, more planes must be brought from abroad.

KWANGTUNG ANNOUNCES ABOLITION OF MORE IRREGULAR TAXES

The Kwangtung provincial department of finance announces the abolition, from July 31, of 43 miscellaneous taxes, which will mean a loss to the Government of $1,600,000 revenue per annum. This step has been taken in order to descrease the burden of Kwangtung merchants, who are suffering very severe hardships on account of the depression.

It is pointed out that nearly 100 miscellaneous levies have already been abolished in accordance with the plan of txation reform laid down in the three-year plan for the reconstruction of Kwangtung. This has caused a drop of government revenue amounting to $4,700,000 per annum.

GENERAL CHEN CHI-TANG SUMMONS CONFERENCE TO DISCUSS DEFENSIVE AFFAIRS

High Cantonese commanders are coming to Canton from their frontier posts to attend an important military conference summoned by General Chen Chi-tang, to discuss problems connected with national defense. The conference opened on July 15. Among the arrivals were General Chen Chang, commander of the 2nd Independent Brigade, who recently made a tour of inspection in Southern Kiangsi. Immediately on their arrival, they plunged into a conference with General Chen Chi-tang. General Li Yang-ching, Commander of the 3rd Kwangtung army, arrived on July 15. Meanwhile, the troops recalled from Kweichow have all returned to Kwangtung, and have been dispatched to the East and North river frontier regions to strengthen the garrisons there.

The term of office of members of the Kwangtung Provincial Assembly, which is due to expire on August 14, will be prolonged for one year under a resolution passed by the Southwest Political Council. The Council has also decided that all employees of government organizations shall be required to undergo a course of military training.

According to a cablegram received by the Southwestern Political Council on July 13, Hu Han-min, former president of the Legislative Yuan, now on a world tour for the benefit of his health, having concluded his visit in Italy, left Venice for Switzerland on the 11th. The message adds that Mr. Hu and party plan to make a prolonged stay in Switzerland before proceeding further with their itinerary.

NANKING DENIES RUMORS OF MAJOR POLITICAL CHANGES

Rumors were widely circulated in Nanking on July 10 of alleged "important appointments" having been decided upon at the meeting of the Central Political Council on that day.

It was rumored that General Chang Chun, governor of Hupeh, would replace General Chiang Tso-pin, as ambassador to Japan. General Chiang, it was stated, would succeed General Wu Te chen as mayor of Greater Shanghai, while General Wu would be made Minister of the Interior. The International News Photo Service rushed out pictures of the officials concerned, bearing captions announcing their "new posts." They were, however, quickly withdrawn when the Government authorities issued a strong denial that any such changes were contemplated.

In view of the rumored report published in one of the English-language papers in Shanghai on July 16 to the effect that major changes in the government are impending following the departure of President Wang Ching-wei from Shanghai for Tsingtao, the *Chekiai Agency's* correspondent at Nanking requested an interview with a high official of the Ministry of Foreign Affairs, who categorically denied the truth of the report, stating it is absolutely groundless. The official explained that the departure of President Wang for Tsingtao was entirely for the purpose of recuperation from his ill-health and had not the least bearing on the political situation.

PROVINCIAL CHANGES ARE REPORTED IMPENDING

A *Reuter* telegram from Peiping reports that changes in the various provincial administrations are impending as a result of the recent visits of the chairmen of Hupeh, Fukien, Kiangsi and Chekiang to Nanking. It is stated that, upon General Huang Shao-hsiung's return to Nanking after consulting with the Generalissimo at Chengtu concerning various important issues, announcements will be made to the following effect. General Sung Chi-yuan, the deposed governor of Chahar, and at present commander of the 29th Army, will be appointed chairman of the Anhwei provincial government in succession ao General Liu Chen-hua, who will probably be appointed governor of Chekiang. General Huang Shao-hsiung, Chairman of the Chekiang provincial government, is to be appointed governor of Fukien in place of General Chen Yi, who will very likely be transferred to Hupeh.

WANG CHING-WEI FLIES TO TSINGTAO TO RECUPERATE FROM ILLNESS

Acting on the advice of his physician, Dr. Kurt Noll, Wang Ching-wei, President of the Executive Yuan and concurrently Minister of Foreign Affairs, who has been suffering from acute gall trouble, left Shanghai at 8 a.m. on July 15 for Tsingtao by aeroplane for rest and recuperation accompanied by Dr. Noll, several German nurses, and Dr. Chu Min-yi, Secretary-General of the executive Yuan.

President Wang and party arrived at Tsingtao before noon on the same day and upon landing immediately motored to the residence of Gen. Hsn Fu-chu where he will stay during his sojourn there.

President Wang expects to remain in Tsingtao for about four weeks, at the end of which time, it is believed, he will sufficiently recover to enable him to return to Nanking and resume his duties.

DR. CHENG TIEN-FANG RETURNS TO NANKING FROM CHENGTU

Having concluded their visit to Chengtu, provincial capital of Szechuan, where they interviewed General Chiang Kai-shek and conferred with him on various important issues, Dr. Cheng Tien-fang, the ambassador-designate to Germany, and Dr. Chu Chia-hua, minister of communications, returned to Nanking in the afternoon of July 14 from Hankow, travelling by air. Upon landing, the officials stated that the government's campaign against the communists in Szechuan is making rapid progress. They further stated that General Chiang is in fine spirits and in sound health and his personal supervision has greatly contributed to the rapid progress of the anti-Red campaign.

CHINA PRACTICALLY ONLY MARKET LEFT OPEN TO JAPAN AT PRESENT

(*Continued from page 251*)

European nations imported Yen 125,368,000 of Japanese exports, or 8.52 per cent, while other countries purchased Yen 435,060,000 or 29.59 per cent, worth of goods from Japan.

The fact that Japanese exports to China occupied 27 per cent of its total export trade in 1930 proves the important role the Chinese market plays in the economic development of that industrialized nation, the report states.

Japan's economic position in China, however, has been badly shaken since the Manchurian Incident, in 1931, according to the report. The strained Sino-Japanese relations coupled with the diminishing purchasing power of the Chinese people, due primarily to the yearly mounting unfavorable balance of trade, have drastically slashed down the volume of Japanese exports to China Proper—a decline of more than 50 per cent compared with that of 1930.

S.M.R. and Kwantung Army Agree on North China Exploitation

Complete agreement on the plans for the economic development of North China was reached between the South Manchuria Railway Company and the Kwantung Army at a day-long conference July 12 between Yoshiaki Hatta, Vice-President of the concern, and General Jiro Minami, Commander-in-Chief of the Army.

At this meeting, attended by many high officers of the Kwantung Force, it was agreed that a comprehensive survey of North China resources and requirements was necessary before any definite scheme could be formulated. It was further agreed to entrust the S.M.R. with the task of making the survey, placing all independent investigating groups already operating in North China under the supervision of the firm.

A special organ to direct and supervise the Survey will be set up, under the terms of the accord, by the S.M.R. in Tientsin, from where research parties will be sent to all parts of North China.

The S.M.R. has already dispatched two high officials to Tientsin to make arrangements with the Chinese and Japanese authorities there for the commencement of the survey. Other power and mining concerns are also reported to have started independent investigations, which will now be brought under the S.M.R.

The Army's first bid for the co-operation of the Yen 800,000,000 Japanese railway firm, in the development of North China industries and resources, was made on July 3, when Major-General Doihara, Director of the Special Service Section of the Army in Mukden, approached Mr. Ishimoto with definite proposals.

Japan Masses a Huge Army in Manchuria—Faces Soviet Force Across Border

(By the Review's Harbin Correspondent)

THE incidents along the Soviet-Manchukuo frontiers are occurring with alarming frequency, involving more and more troops. According to the latest reports from Soviet sources here, such incidents occurred on June 23 and 26, when two strong detachments of Japanese troops, stationed at Suifenho, penetrated into Soviet territory and remained there several hours. Clashes of serious proportions are said to have been averted only due to the circumspection of the Soviet frontier guards, who, contrary to usual orders, were told to remain calm, only observing the movements of the Japanese troops.

A similar incident, of but quite a different nature, occurred on the western border of Manchukuo, near Hálhin Miao, the scene of an armed clash between the Outer Mongolian and Manchukuoan troops last spring. The local press reports allege that this time the Outer Mongolian troops penetrated into Manchukuo territory and carried away a Japanese and a White Russian, engaged in the survey work of the district on behalf of the staff of the Kwantung Army. The Army is said to be taking the matter very seriously and has lodged, according to the reports, a protest with the Outer Mongolian delegation, now attending the conference at Manchuli for the settlement of the Halhin Miao incident, demanding the immediate release of the men carried away by the Outer Mongolian soldiers.

The latter incident, involving the survey party of the Kwantung Army, brings to light a subject never treated in the press: the Japanese military preparations along the Soviet-Manchurian borders. Hitherto, it has been more or less of guess-work, explainable only by the strictest possible censorship applied by the authorities in Manchuria with a view to suppressing any news dealing with the Japanese military activities in Manchuria, whereas they have always welcomed the publication of similar news concerning the Soviet Red Army in the Far East and its activities. This situation has been responsible for that widespread notion amongst the public that the present crisis in Soviet-Japanese relations has been largely due to the massing of the huge Soviet forces along the Manchurian frontiers, whereas the Japanese side has kept only the barest number of troops necessary for the defence of the frontiers and the chastisement of bandits. Either way, the Japanese clear themselves of any blame; they assert that the present tense situation is due entirely to the Soviets, which in pursuance of their aggressive designs vis-a-vis Manchukuo have massed an unreasonably large number of troops along the Manchukuo borders. K. Hirota, the Japanese Minister of Foreign Affairs, would like to have all these troops moved away, say, to the west of Baikal, and the Soviet fortifications, built in the course of these three years, razed to the ground. It is reported that he has, in all seriousness, made a formal proposal to the effect to the Soviet Government. If so, it is of interest to know whether the Soviets will oblige him by withdrawing their troops to the west.

Japanese Admit Existence of Military Preparations

While being always on the alert, lest news of Japanese military preparations should leak out, there were instances when responsible Japanese officials themselves admitted the existence of said preparations. Not many months ago, General Minami himself said: "If General Blucher (commander-in-chief of the Soviet Far Eastern Army) will try to indulge in personal adventure in Manchuria, the Kwantung Army is ready for him". This statement received the widest possible publicity, and was by all taken to mean that all was ready to meet the Soviet invasion, that is, war. To have the army ready for war means: (1) to have it disposed in sufficient numbers along the frontiers, (2) to have it adequately provided with reserves in the rear, at places easily accessible from the front, (3) to have all strategic points along the frontiers and in the rear adequately protected by fortifications, at least semi-permanent in character, and (3) to have economic, financial and industrial resources of a country fully mobilized to meet the strain of the oncoming struggle. Hitherto, a good deal of attention has been drawn to the fourth aspect of the Japanese military preparations, to the development and centralization of Manchurian economic and natural resources, due probably to the openness of these preparations, whereas the first three aspects, referred to above, have had the least possible attention. This article is intended to shed a ray of light into this unexplored region.

There is a welter of evidence bearing upon the strength and disposition of the Japanese Army in Manchuria. These evidences show that General Minami was quite right when he admitted the preparedness of his army to meet the Soviet adversary.

Firstly, the strength of the Japanese Army in Manchuria cannot be small, because it has to deal with three outstanding tasks: (1) It has to provide adequate defence against possible attack by the Soviet Red Army, massed along the Manchukuo frontiers in numbers anywhere from 200,000 to 300,000 fighting men, equipped with all modern fighting paraphernalia; (2) it has to deal with domestic "bandits" and volunteers, who, despite all reports about their final and complete extermination, are alive and continue their activities, their number—it is curious to observe—contracting and expanding at certain seasons of the year, and (3) it has to watch over the huge Manchukuo Army, the fidelity and patriotism whereof is under constant suspicion, this being demonstrated by many cases of revolt and desertion on the part of these troops. Considered from this standpoint, it must be admitted, as did recently a certain foreign observer, that no less than half of the entire Japanese peace time army is stationed in Manchuria and Korea at present.

This picture, sent to *The Review* by an American reader in north China, was taken sometime in 1927 when Soviet Russian army officers served as advisers to the Cantonese Nationalist forces. No. 1 in the picture is Gen. Chiang Kai-shek, while No. 2 is thought to be Gen. Blucher (Galen), who is now chief Soviet commander in eastern Siberia stationed at Khabarovsk.

Originally, the Kwantung Army consisted only of a division and of an independent railway guard, the total strength whereof could not be over 15,000 officers and men (cf. the *Japanese-Manchukuo Year Book*, 1934, p. 138 sqq.). Before the "Incident" of 1931, these troops used to come once in two years, after which term they would return to their stations in Japan, being replaced by other units. However, since the "Incident", this system was drastically changed. This force was quite sufficient, for, contrary to all assertions of the Japanese press at present, the country enjoyed complete peace and order. At that time, the Japanese used to attribute it to the presence of their army in Manchuria. In case of serious trouble arising in Manchuria, they had a good reserve: the Korean Army, which served as a sort of "mailed fist" ready to strike at any moment.

That the Korean troops were available for the Kwantung Army at any moment was amply demonstrated in September, 1931, when a part of these troops was moved to Manchuria against the opposition of the Japanese Cabinet, which—as will be remembered—tried to localize the operations around Mukden and the South

Manchuria Railway. General Minami, then Minister of War, overrode this opposition and sent the Korean troops at the discretion of the commander-in-chief of the Korean Army without submitting it to the Cabinet or even to the Throne.

Five Full Divisions in Manchuria

According to the Japanese figures, the peace time strength of their army is about 230,000 officers and men, divided into 17 divisions. Of this army, more than half is doubtless on the mainland. In Manchuria, there are at present quartered five full divisions and a number of independent brigades. The total strength of this army cannot be less than 120,000 to 140,000 officers and men. The headquarters of these divisions are situated at Changchun (transferred from Liaoyang), Harbin, Tsitsihar, Chengteh and Dolonor (a cavalry division). The independent brigades are quartered at Mukden (the S.M.R. Guards), Tumen, Mishan, Fuchin and Heiho. The peace time strength of a division, including auxiliary units, is computed to be 10,000 effectives, but in the present case each division is greatly strengthened by units from the home divisions.

In close relation with the Kwantung Army, almost making an inseparable unit with it, is the Korean Army, made up of two divisions (with headquarters at Ranan and Ryusan). It serves as a reserve and is available at a moment's notice, especially since the recent development of the railway network along the eastern frontiers of Manchukuo.

Of special interest, is the strength and disposition of the Japanese air force in Manchuria and Korea. Some observers believe that at present the Japanese keep no less than 400 war planes in these two countries, which makes half of the entire strength of the Army's air force (cf. the *Japan-Manchukuo Year Book*, 1934, p.240 sqq.). The air force in Manchuria is based on air-fields at Harbin, Tsitsihar, Changchun, Mukden and Chengteh, all equipped with ample stores and up-to-date repair and assembling shops. The landing places, all provided with necessary installations, are scattered all over the country, especially along the frontiers, the location whereof is naturally a military secret. The Korean Army has its own air force (the Pingyuan air regiment). It played a singular role during the early operations in Manchuria, taking part, for instance, in the bombing of Chingchow in 1931.

Few Soviet air-bases are so well situated as the Japanese ones in Manchuria and Korea are. Being located at Harbin, Tsitsihar, Changchun, Mukden and Chengteh, the Japanese air-bases are practically immune from sudden attacks by the enemy. They are practically out of reach from the frontiers, whereas numerous landing places near the borders provide an excellent means for a sudden attack from this side. In that case, the planes could be massed at any given spot along the frontiers, preparatory to an attack on the Soviets.

On the Soviet side, a similar advantageous situation has only two air-bases, namely, of Chita and Bochkarevo (to the east of Blagoveschensk). They are situated a good distance inland so teat the possibility of a sudden attack on them should be excluded. However, other air-bases, reputedly situated at Habarovsk, Spassky, Vosdvichenka, Nicolsk-Ussurisky, Vladivostok and Possiet are so near to the frontiers that, granting good luck on the part of invading planes, they could be reduced to shambles with ease. It is of interest to know, in the face of this contingency, where the Red Army keeps the bulk of its air force. To keep it at these fields, so near to the frontiers would seem a little foolhardy. However, Capt. T. J. Betts, of the U.S. Army, does not think that the Soviets take this risk.

Manchukuo Army of Negligible Value

However strong the defences of Vladivostok may be, the port is open to the air attack. The combined attack of the Japanese land and naval planes would work wonders; a force of 500 well manned planes, let loose from this side of the frontiers and the aircraft carriers would doubtless work havoc to the Vladivostok airfields, docks and other establishments of strategic importance. The idea of a sudden attack on Vladivostok seems to be quite spread amongst the Japanese, even amongst the humbliest of them. This was, the other day, pictured to the writer by the barber who said: "Our fliers do not care whether they can fly back or not. They have only their objectives in view, and will die to accomplish it." However, this quality is not a prerogative of the Japanese fliers alone. The World War had amply demonstrated that the European fliers are tough boys, too.

That the Japanese can, at any given moment, muster as many as 500 planes for a single operation must be admitted as quite possible. According to the figures appearing in the *Japan Year Book*, 1934, which are doubtless out of date, the combined air force of the Army and Navy, consisted of 1,664 planes, divided as follows:—800 army planes, 392 naval planes carried with the Navy and 472 naval planes attached to the shore bases. In war, especially in a first shock, all this force will be brought forward; for the principle of a clenched fist, struck with full force at a given spot, remains true for the aeral warfare, as well.

There remains a few words to say about the Manchukuo Army, (said to have 130,000 effectives). Since its organization, it has been more of a liability than of an asset to the Japanese in Manchuria. As said, one of the tasks of the Kwantung Army is to watch over this Army lest its units should break loose and turn bandit, as the case has been on many instances. In respect of organization, armament, training and morale the Manchukuo Army is certainly far inferior to the Japanese, therefore its fighting value is of necessity negligible. This seems to be recognized by the Japanese command itself, which is heard to favor the idea of placing this army, in case of war, on garrison duty in the interior. In that case, the Japanese Army, mobilized to the strength of several millions of men, will do the actual fighting on the front. And it goes without saying that those garrisoning units of the Manchukuo Army will be armed very poorly, say, with a mottley of rifles of various types and epochs, as is the case at present. In this respect, the Manchukuo Army is a veritable muscum of various fire-arms; one is sure to find here soldiers armed with Japanese (old and new), Russian, German, Austrian, Mexican, Boer and other rifles, which doubtless minimizes the Army's fighting ability. In time of war, the possibility of revolt amongst the rank and file of the Manchukuo Army will be great and the Japanese are not likely to take chances by arming these troops to the fullest degree.

That the Japanese do not trust the Manchukuo Army from the "Minister of War" down to the last orderly is obvious. Otherwise there would have been no necessity for stationing the Japanese Army in this "perfectly independent Empire". There was, indeed, a case when the "Minister of War" (General Ma Chang-shan) broke loose and turned bandit. Suppose, for a moment, that the Japanese have withdrawn their 150,000 soldiers and policemen to their homeland and left Manchukuo perfectly free, as the case should be with an independent State. One need not be a prophet to say that, in that case, the whole show would crumble down at the hands of the Manchukuo soldiers and policemen themselves.

The Psychosis of War

In Manchuria, all circles seem to be possessed by a curious type of psychosis, the psychosis of war. With the exception of the Japanese, everyone wishes war would break out right now. The "Manchus" desire it as the only possible deliverance from the intolerable situation in which they now find themselves; the Whites hope it will result in disappearance of the Soviet regime and in their return to homeland; the Reds look upon it as a good chance to trounce the Japanese, to be followed by throwing them into the Pacific. It is surprising that this war psychosis is being constantly worked up by the Japanese controlled, financed and censored press of Manchukuo. For instance, the *Harbin Times*, a foremost Japanese organ here, on June 29, featured an interview with ex-Colonel F. I. Porotikoff, who said: "War will break out earlier than people anticipate. I have lived four years in Japan and can say that she is ready for a final showdown with the Soviets. The Japanese nation cannot permit the Reds to endanger its life-line on the continent and is about to stop it by force". Ex-Colonel F. I. Porotikoff claims to be the representative of *all* Siberian public organizations, and resides constantly in Tokyo and allegedly in touch with the government and political circles of that capital. It should be noted in passing that his mandate is said to be rather old, dating from 1918-1919, and, therefore, would seem to have only a historical interest rather than any political significance at present, yet the ex-Colonel is very busy with it.

At present, the Japanese, at least the most sober ones of them, appear to be the least ones to wish an armed clash with the Reds. They are simply afraid of the Soviet Red Army; it has struck terror into their hearts; it has overawed them by its preparedness and the invincibility of its cause. While the Red Army will be fighting for the freedom of "oppressed and toiling masses" a slogan—I believe—unassailable, the Japanese cause will have nothing that would appeal to the human soul. Theirs will be imperialism, pure and simple, and Japanese jingoism *par excellence*.

However, it does not mean that, when an opportunity presents itself, the Japanese will not strike. In fact, they keep their war machine in Manchuria and Japan running and oiled. When will that opportunity present itself at last? Here, I have to repeat a thesis enunciated in these columns some two years ago—(1) that any natural calamity in Russia, as famine, widespread inundation, breakdown of communications, failure of industrialization or internal strife will hasten the Japanese decision, and (2) that it cannot be before Japan will have organized its immediate rear, Manchukuo and China. The second condition must perforce precede the first one, which may to some extent explain the recent activities of the Japanese military in Manchuria and North China. When the conditions set forth in (1) do appear, it will be possible to foretell pretty surely that the first shock of war is approaching.

The Soviet leaders seem not to be likely to be taken unawares as was the case with the Russians in 1904 or with General Chang Hsueh-liang in 1931. They keep their intelligence service running; at any rate, the local press reports several arrests of alleged Soviet spies, engaged in unearthing Japanese military activities in Manchuria.

The situation is ugly enough. There seems to be no hope of any lasting peace between Japan and the Soviets. The crisis may come to a head at any moment. In the face of it, for other countries, including China, there seems to be no other alternative but to keep the powder dry. It is the only possible *realpolitik*.

Harbin, July 5, 1935.

CHINESE RAILWAYS

SHANGHAI-PEIPING THROUGH EXPRESS.
(Connected with N.S.L. Nos. 301 & 302)

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
20.45	21.25	PUKOW	1.20	1.40
16.54	16.57	LINHUAIKWAN	5.40	5.43
16.04	16.19	PENGPU	6.19	6.34
13.52	13.57	NANHSUCHOW	8.45	8.50
11.50	12.05	HSUCHOWFU	10.50	11.10
10.02	10.17	LINCHENG	13.00	13.15
9.13	9.16	TENGHSIEN	14.06	14.09
7.40	7.55	YENCHOWFU	15.36	15.56
7.15	7.18	CHUFOU	16.21	16.24
5.34	5.42	TAIANFU	18.05	18.20
3.25	3.45	TSINANFU	20.12	20.42
2.03	2.13	YUCHENGHSIEN	22.05	22.15
0.24	0.39	TECHOW	23.55	0.25
22.37	22.47	POTOUCHEN	2.12	2.22
21.36	21.46	TSANCHOW	3.16	3.29
18.30	18.40	TIENTSIN (C)	6.40	7.00
17.59	18.20	TIENTSIN (E)	7.10	7.35
—	15.05	PEIPING	10.29	—

PEIPING-HANKOW RAILWAY.

14.05		PEIPING		22.00
13.27		CHANGSINTIEN		22.48
9.54		PAOTUNG		2.23
5.50		SHIHCHIACHWANG		6.28
2.19		SHUNTEH		10.01
19.27		SINSIANG		16.45
16.43		CHENGCHOW		19.26
13.59		HSUCHOW		22.08
12.16		YENCHENG		23.51
9.58		CHUMATIEN		2.34
6.16		SINYANG		6.01
3.36		KWANGSHUI		8.36
22.45		KIANG AN		13.15
22.30		HANKOW (Tachimen)		13.25

PEIPING-SUIYUAN RAILWAY.

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
9.30	—	HSICHIMEN	—	16.48
8.06	8.16	NANKOW	18.07	18.17
—	—	CHINGLUNG-CHIAO	—	—
1.52	2.07	KALGAN	0.30	0.45
19.34	19.49	TATUNG	7.01	7.21
15.48	16.03	PINGTICHUEN	11.04	11.19
10.56	11.16	SUIYUAN	15.42	16.02
—	7.00	PAOTAO	19.58	—

LUNGHAI RAILWAY.

5.15	—	HSUCHOWFU	—	21.10
0.57	1.17	SHANKIUHSIEN	1.16	1.56
20.47	21.07	KAIFENG	6.20	7.00
18.40	19.00	CHENGCHOW	8.49	9.09
14.45	15.10	LOYANG E.	12.53	13.23
9.30	9.55	SHANCHOW	18.30	18.55
—	6.10	TUNGKWAN	22.15	—

KIAOTSI RAILWAY.

7.35	—	TSINGTAO	—	21.00
5.48	5.50	KIAOCHOW	22.46	22.48
5.06	5.16	KAOMI	23.19	23.30
3.26	3.41	FENGTZU	1.01	1.16
3.03	3.05	WEIHSIEN	1.36	1.39
1.36	1.38	TSINGCHOW	2.55	2.57
23.59	0.01	CHOUTSUN	4.32	4.35
—	22.00	TSINANFU	6.30	—

CHENGTAI RAILWAY.

19.42	—	SHIHCHIACHWANG	—	7.58
18.14	18.16	TSINGCHINGHSIEN	9.27	9.29
16.00	16.15	YANGCHUAN	11.47	12.01
14.48	14.50	SHOUYANGHSIEN	13.50	13.52
12.40	12.49	YUCHIHSIEN	15.25	15.35
—	12.08	TAIYUANFU	16.07	—

SHANGHAI-HANGCHOW-NINGPO RAILWAY.

STATIONS UP.		Zku-Nkg Express R. Through	Express R.	STATIONS DOWN.		Express R.	Nkg-Zku Through Express R.
ZAHKOU	d.	7.45	17.39	SHANGHAI, N.	d.	7.50	16.00
HANGCHOW	d.	8.15	17.55	JESSFIELD	d.	8.07	16.17
CHANGAN	d.	9.06	18.58	SICCAWEI	d.	—	—
YEHZAH	d.	—	19.25	SHANGHAI, S.	d.	7.55	—
KASHING	d.	10.17	20.05	SUNGKIANG	d.	9.05	16.05
KASHAI	d.	—	20.31	FUNGCHING	d.	—	—
FUNGCHING	d.	—	—	KASHAI	d.	9.51	—
SUNGKIANG	d.	11.25	21.20	KASHING	d.	10.25	17.20
SHANGHAI, S.	a.	—	22.25	YEHZAH	d.	11.01	—
SICCAWEI	d.	—	—	CHANGAN	d.	11.34	18.25
JESSFIELD	d.	12.11	22.16	HANGCHOW	d.	12.31	19.20
SHANGHAI, N.	a.	12.25	22.30	ZAHKOU	a.	12.50	19.35

NANKING-SHANGHAI LINE.

STATIONS UP		Express R.	Thro. Exp. Zku-Nkg R.	S'hai-Peiping Thro. Exp. (No. 302) R.S.	Night Express R. S.	STATIONS DOWN		Thro. Exp. R. Nkg-Zku	Express R.	Night Express R. S.	Peiping-S'hai Thro. Exp. (No. 301) R.S.
SHANGHAI, N.	d.	8.00	13.00	16.05	23.00	NANKING	d.	8.00	17.00	23.00	24.00
NANSIANG	d.	—	—	—	23.38	CHINKIANG	d.	9.25	18.25	1.00	1.54
KUNSHAN	d.	9.05	14.15	—	—	TANYANG	d.	10.07	19.05	1.52	2.43
SOOCHOW	d.	9.50	15.00	18.04	1.13	CHANGCHOW	d.	11.01	20.00	3.05	3.51
WUSIH	d.	10.41	15.51	18.55	2.13	WUSIH	d.	11.52	20.55	4.07	4.48
CHANGCHOW	d.	11.45	16.45	19.53	3.13	SOOCHOW	d.	12.47	21.50	5.13	5.52
TANYANG	d.	12.33	17.36	20.48	4.23	KUNSHAN	d.	13.26	—	—	—
CHINKIANG	d.	13.16	18.20	21.34	5.14	NANSIANG	d.	—	—	6.54	—
NANKING	a.	14.30	19.35	22.55	7.00	SHANGHAI, N.	a.	14.25	23.30	7.20	7.55

NOTICE

1. Children under four years of age are carried free, children under twelve but above four years of age at half fares and children of twelve years of age and over must pay full fares.

2. For Local and Through Traffic, the following free baggage allowances will be granted to each passenger:—

1st class passenger	80 kilogrammes (142 catties)
2nd class passenger	60 Kilogrammes (100.5 catties)
3rd class passenger	40 Kilogrammes (67 catties)

Half of these quantities will be allowed on each child's half ticket of each class respectively.

3. Any weight of baggage in excess of the free allowance will be charged at the rate for the minimum quantity of 20 kilogrammes (33.5 catties) of $0.002 per kilometre per unit of 20 kilogrammes.

4. In case of any holder of Local or Through ticket who abandons his journey en route and desires a refund on the unused portion of his ticket he must apply in person, and produce his ticket for endorsement to the Station Master where the journey is abandoned. Application for refunds must be made as soon as possible after endorsement and must in any case be made within TEN DAYS of the date of expiry of the availability of the ticket which has been endorsed.

Japan Advances Into Mongolia in Attempt to Attack Russia From the Rear

BY C. Y. W. MENG (孟昭水)

WHEN the Japanese advanced into Manchuria Moscow could console itself with the thought that it was "Chinese business"; Moscow did not bother about it; Moscow was more anxious to carry out her "Five-Year Industrial Plan". When the Japanese advanced further into Northern Manchuria, when Harbin fell into the hands of the aggressor and when the Soviet forces at Manchuli could witness the movements of the Japanese troops, Moscow began to worry, but still hoped and believed that by adopting simultaneously a "friendly-conciliatory policy" (witness the Russian agreement to sell the Chinese Eastern Railway to Japan-Manchukuo, in spite of bitter Chinese opposition) and a "strong policy" (as witness the Russian open denunciation of

From "News of the World," London

STILL ALTERING THE MAP

JAPAN: "Who says I have territorial designs on China? I am only straightening a few things out!"

Having already annexed Mukden, and the Manchurian provinces, including Jehol, in the north of China, Japan is now getting a stranglehold on provinces further south

"Japanese imparialism" in Asia by high Russian officials) towards Tokyo, alternately and periodically, an immediate armed conflict with the Island Empire might be averted. But when the Japanese advanced into Charhar, and when the aggressor lost no time and spared no effort to invade and occupy Mongolia, Moscow not only began to worry but became rather alarmed. Moscow was not only somewhat dismayed, but had to admit the fallacy of her former policy of being friendly to Japan at one time, and being arrogant at another—a policy which might well be interpreted as no-definite policy at all. Moscow was mades to regret that it had failed to be the leader in urging the other powers to intervene, oppose and stop the Japanese aggression in Asia. She had to forget all about the various friendly "talks", "gestures", etc., with Tokyo. She had to issue many "stern warnings" to Tokyo, such as "any efforts to establish military or economic control over Outer Mongolia would be strongly resisted by Russia", etc!

By acceding to the Japanese demands to dismiss General Sung Chi-yuan, chairman of the Provincial Government of Charhar, generally known as the "hero" of the "Hsifengkow Battle"—where the Japanese advances to Peiping and Tientsin were blocked—together with the wholesale removal of his troops from the Province to the further North-West; and further by agreeing to the Japanese demands for the "demilitarization" of the Province, and for the "prohibition" of the Chinese immigration into the Province hereafter, etc., China has lost another of her Northern Provinces in addition to losing the Three North-Eastern Provinces (Manchuria) and Jehol. In other words, for China, it is another loss of a Chinese province, and another defeat in diplomacy; for Japan, it means another strategic success in gaining an entrance into Mongolia and the further North-West of China; and for Russia, it means a "direct and imminent menace" from Japan, which Moscow has now to cope with! By occupying Charhar and Mongolia, Japan could then defeat Russia from the rear in the event of a war, and could easily cut off or isolate many of the Russian strategic places in the Far East, such as Vladivostok, etc., where the Japanese alleged that the Russians had built airdromes and had made heavy concentration of troops, with a view to "blowing up the Island Empire" from the air! So we can say that in wresting Charhar from China and in occupying Mongolia, Japan's primary aim is to prepare for a war with Russia which the islanders believe and realize well is not far off!

Japan's Military Activities in Charhar—Their Objectives

The actual Japanese military activities in Charhar began in the early part of this year when the Japanese-Manchukuo troops in Jehol came into conflict with the 29th Route Army under the command of General Sung Chi-yuan on January 23. During the battles, one of the Japanese divisional commanders was killed. Throughout the battles, General Sung had put up strong resistance, particularly along Tu Shih Kow (獨石口). The following are said to be the objectives of the Japanese military activities in Charhar:—

1. In order to build up a line of defence on the western border of Manchukuo, the Japanese militarists deemed it indispensable to create another "demilitarized zone" in Eastern Charhar! By the Tangku Agreement, Japan succeeded in creating a long strip of territory north of the Great Wall as a demilitarized zone, so Japan wanted to have the same in Eastern Charhar. Though Japan had been in occupation of Dolonor, due to the fact that there were still some Chinese troops stationed along Ku Yuan (沽源), The Japanese militarists considered it still "unsafe" unless the Chinese troops were to be driven out altogether and the Eastern Charhar portion made into a demilitarized zone.

2. Places like Dolonor, Ku Yuan, Tu Shih Kow, etc., are the most important strategic places. Not only are they the gates to Inner and Outer Mongolia and to the further North-West of China, but they would also greatly facilitate further Japanese invasion, political as well as economic, of North China. So the Japanese had been most anxious to occupy these places on the East of Charhar.

(3) By first making Eastern Charhar into a demilitarized zone, it means nothing but the dominating control of the zone by Japan. Japan could then have more "direct and constant contact" with the Mongolians; and Japan would then have a more "free hand" in Mongolia to induce them to set up the so-called autonomous government, and to launch the separatist movement, etc.—the final object of which is to alienate their allegiance to Nanking, and to incorporate the territory into Manchukuo.

The Tai Tang (大湯) Conference—"The Verbal Agreement"

But by a "verbal agreement" concluded between the Chinese and Japanese authorities at the Tai Tang Conference, peace was restored. In the proclamation issued by the Branch Military Council in Peiping, referring to the Charhar Incident, it was stated that the incident had occurred purely due to "misunderstanding" on both sides. But now both sides were willing to settle the dispute amicably. "The Japanese troops would be withdrawn to their original line of defence, and the 29th Route Army would not "invade" 侵 and "enter" 入 Shih Tou Chen Tze (石頭城子), etc. All the ammunitions seized from the people in Jehol would be returned on February 7".

But, according to the proclamation issued by the Japanese Kwantung Army Headquarters, after placing the whole blame of the incident on the Chinese side, it made quite clear about the Japanese "demands" presented to the Chinese authorities. These may be summed up as follows:—

1. The Chinese soldiers should be prohibited from entering Manchukuo and from taking any action tending to threaten Manchukuo or any action provocative in nature; and from taking any action to detect the movements of the Kwantung Army.

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2. Should the Chinese commit a breach the above "oath" and the Japanese be forced to take any "free actions", the responsibility would rest with China. Should the Chinese increase their forces or strengthen their defence, Japan would regard such action as highly provocative to the Japanese army.

3. The Chinese should return all the ammunition seized and confiscated from the people in Jehol on February 7.

The proclamation further claimed that General Chang, chief-of-staff of General Sung, was quoted to have expressed his "gratefulness" to what the Japanese delegates had said, to have promised that there would be no more repetition of such "illegal action" in future; to have agreed to the above demands and to the early enforcement of these demands. Such is the Japanese version of the conclusion of the incident.

The many statements issued by the Tokyo Foreign Office on January 18, by the Tokyo General Staff Headquarters dated January 19, and the Kwantung Army Headquarters, all tended to show that the Japanese had long regarded the Eastern portion of Charhar as virtually belonging to Jehol; the stationing of the Chinese troops along Ku Yuan, etc., was looked upon as an "invasion"! The Japanese military activities in Charhar were styled by the Japanese as "a punitive expedition to suppress the Chinese soldiers and bandits on the Western Border of Jehol" (討伐熱西兵匪)

By the conclusion of the Tai Tang verbal agreement, the Japanese militarists succeeded in making the Chinese agree that the Chinese troops "would not invade and enter Shih Tou Chen Tze, etc.", which means not only the demilitarization of the territory but also the virtual incorporation of the territory into Fengnin Hsien (豐寧縣) of Jehol! In other words, by the verbal agreement, Japan succeeded in achieving two out of her three objects in Charhar, namely, the creation of a demilitarized zone for the defence on the western border of Manchukuo, gaining the entrance of, and facilitating the further military operations in Mongolia and North China. So the Tai Tang Agreement, instead of having saved the critical situation in Charhar by preventing the aggressor from gaining a foothold in the Province, has given a chance to the aggressor to achieve what the aggressor had long been wishing for; and in fact, has made the aggressor more aggressive than ever before, and has opened and paved the way for the aggressor to advance further into Mongolia and Northwest of China! When the many strategic places in Eastern Charhar were demilitarized by the removal of the Chinese troops, but were occupied by the Japanese-Manchukuo forces, the further Japanese military activities in the Province, the Japanese advancing vigorously to occupy Mongolia, the Japanese coming into direct contact with Russia, etc., are anticipated with certainty!

So, beginning from February up to May, we have been informed of the intensive Japanese activities in Charhar. A, witness: On March 6 groups of Japanese-Manchukuo officialss under the leadership of the Japanese police had gone into the interior of Charhar to survey the land, to make investigations and study of the population, etc., The local people were once urged by the Japanese to sign their names on a "petition" which was prepared in advance by the Japanese, and which was intended to be addressed to the emperor of Manchukuo "pleading His Majesty's kindness to incorporate Ku Yuan (沽源) Pei Ting Po (平定堡), etc., into Manchukuo". The Autonomous Administrative Bureau of the Special District (自治行政長官公署) was created in Dolonor; Li Sui-sin, a bandit leader, was appointed by the Japanese as the director. Chin Teh-chuan, formerly director of the Civil Department of the Charhar Provincial Government, now acting chairman of the Provincial Government, hits the nail on the head when he said that the organization of the vigorous Autonomous Administrative Bureau in Dolonor manifested "the Japanese preparations for further invasion of Charhar."

The "Four Hsiens" of Eastern Charhar

As stated above, the territory on the East of Charhar is of great strategic importance; for it is the only way leading to Inner and Outer Mongolia, to the Province of Suiyuan and further to the North West of China. But a study of the map will reveal that among the many "hsiens" in Eastern Charhar, four are very important ones; and these four hsiens are really the "gates" to Mongolia, North-West as well as North China. Once they are lost, the fall of Mongolia is only a matter of time. These four hsiens are: Ku Yyan (沽源) Chi Chen (赤城), Lang Kwan (龍關), and Yuan Ching (延慶).

1. Ku Yuan is a large hsien, being divided into four administrative districts. The second and fourth districts were lost to Japan long ago, while the first and third districts were also lost through the Tai Tang Verbal Agreement. Ku Yuan is generally known to the Chinese observers as the "throat" of Charhar. When the throat is choked by others, the death of Charhar, as every layman knows, is foredoomed!

2. Even as early as the Ming Dynastry, Chi Chen had already been known as a "Border Defence District". It is now being divided into four administrative districts. It is an important commercial center between the Chinese and Mongolians. As to the means of communications, Chi Chen is connected with Dolonor and Kalgan by motor roads. Before the loss of Chi Chen, Japan had already made a thorough study and investigation of the hsien.

3. Lang Kwan is being divided into five administrative districts. It is connected with Sar Chen (沙城) and Shun Hwa (宣化) by motor roads.

4. Yuan Ching is being divided into five administrative districts. Before the loss of the hsien, the Japanese had already built motor roads connecting it with Dolonor in North; and Fengnin Hsien in Jehol; and Kung Chung Station 康莊站 along the Peiping-Suiyuan Railway in South. This is because Yuan Ching is the most important and strategic place leading to the Western Mongolia. So, not only many motor roads were being built in advance, but also the hsien had been "flooded" with Chinese "traitors" despatched there by the Japanese!

Mongolia in Imminent Danger!

General Ho Ching-wu (何競武) after his inspection tour in Mongolia, sometime ago, made the following significant statements:—

"Outer Mongolia and Eastern Mongolia were already lost, leaving only a part of Eastern Mongolia and the Western Mongolia. Though there are no statistics available, the area is no less than five or six million square li, bigger than Charhar, Suiyuan and Ninghsia combined! Should Japan be in occupation of this portion of Eastern Mongolia and Western Mongolia, it would mean that the Chinese map was again made much smaller than before! At the same time, the three Provinces would be exposed to imminent danger. The Japanese Special Affairs Department of the Japanese Army Headquarters has lost no time, and has sparted no effort to wrest this portion of Eastern Mongolia and Western Mongolia from China!"

"Mongolia", continued General Ho, "is now in the same critical situation as the Three North-Eastern Provinces (Manchuria) on the fatal night of September 19, 1931. Should the defence of such vast territory be placed entirely in the hands of only 300,000 Mongolians, whose power of self-defence is equal to zero, it is physically a matter of impossibility. During the past three years we have heard very much about the cries for the restoration of our 'lost territory', etc., but no one seems to have realized the imminent danger of Mongolia! The establishment of the Autonomous and Political Affairs Adjustment Committee in Mongolia by no means has saved Mongolia, as usually believed to be. The only way to save Mongolia is to give more popular attention and government assistance to the 300,000 Mongolians in their self-defence." General Ho concluded by saying that the result of this trip to Mongolia, and his many interviews with the Mongolian chiefs in Peilingmiao (百靈廟) convinced him that "Mongolia is in immient danger of being lost"!

To invade and occupy Mongolia constitutes the activities for the "second year" of the Japanese aggression plan. According to our information, the first Japanese step is to survey and investigate the local conditions. The second step is to occupy Eastern Charhar. The third step is to advance into Mongolia, which is by no means a difficult task in view the fact the Mongolians are all pastural people, but not warriors. Japan could easily advance into Mongolia by first concentrating her troops at Dolonor, and from there, they could easily be transported into Mongolia by the Japanese-built motor roads in many of the strategic places in the Eastern part of Charhar.

An Account of the Recent Japanese Activities In Mongolia

When the Autonomous and Political Affairs Adjustment Committee was formed in Inner Mongolia, the Chinese Bureau for directing the affairs of the Committee was not yet established. Taking advantage of the situation, the Japanese lost no time to form an "Autonomous Administrative Bureau of the Special District of Eastern Charhar", with a view to undertaking the work in absence of the Chinese. The division of the many Special Districts" which include the extreme north of Charhar, and the establishment of the so called "Autonomous Administrative Bureaus" in various districts, under the control and direction of the Japanese, manifest clearly that the Japanese intention and attempt is to "alienate the allegience of the Mongolians towards the Chinese". In name, these districts are a demilitarized zone. But it is only true as to the Chinese troops. Including the latest Japanese activities in Charhar, there were about 10,000 Japanese-Manchukuo armed forces in the Eastern part of Charhar.

Economically, besides the investigation work conducted by the many in investigation missions, but chiefly by the "Investigation Mission" despatched by the Investigation Bureau of the Ministry of Industry of Manchukuo, which visited Eastern and Western Mongolia, the Japanese have been taking vigorous steps to seize and control the "salt" lakes and salt-production in Mongolia by force. One Mongolian chieftain told us that the Japanese had long been planning to rob "the salt lakes from the Mongolians," and had installed a powerful radio station for broadcasting purposes.

"An Unfortanate Incident"

However, during these days when Mongolia is in imminent danger of falling into the hands of the aggressor, it is most regrettable that the Chinese and Mongolians are once again indulging in a bitter quarrel over the division certain levies, supposed to be collected on the border of Inner Mongolia and Suiyuan. Though the incident was at last quelled, that it had damaged the Chinese-Mongolian friendly feeling goes without saying. Should the aggressor take advantage of the situation"to fish in the trouble some waters,"the consequence would be very disastrous to the Chinese indeed! So both the Chinese and Mongolians should avoid a repetition of such unfortunate incidents hereafter!

Russo-Japanese Conflict Imminent!

In other words, not only is Eastern Charhar lost, but also the whole province. The way is now open for the aggressor to advance into "Mongolia", where the two traditional rivals have again being brought to another face-to-face contact. It is no longer merely "Chinese business" alone, but it is of great concern to Russia. In 1905, the struggle for possession of, and supremacy in, Manchuria had caused the two nations to take up arms, and to plundge themselves into one of the most sanguinary warfares in the history of the Far East. But the struggle for possession of, and supremacy in, Mongolia, will plunge the two nations into another armed conflict, possibly of a far more sanguinature than the previous one.

Nanking, July 13, 1935.

Northern Expedition Anniversary Abolished in North China

The *North China Star* of July 10 stated that. after observing it as a national holiday for the past eight years, the anniversary of the Launching of the Northern Punitive Expedition by the Nationalist Army, July 9, was officially abolished by order of the Nanking Government. In the past, the day was observed as a holiday by all Government organs, labor bodies, Chinese banks and schools. The day was further marked by the display of Chinese national flags and meetings were held to commemorate the occasion.

The occasion recalls the day when on July 9, 1924, 5,000 officers and men gathered at Canton and took the oath of allegiance to the Nationalist Revolutionary Army, headed by General Chiang Kai-shek, prior to the launching of the expedition toward the North.

The expedition—participated in at the beginning by 50,000 men, most of whom were military cadets, but afterwards more men were recruited—commenced shortly after. The revolutionary forces advanced northward along two routes, through Hunan and Fukien Provinces. Hunan and Hupei Provinces were then under the control of Marshal Wu Pei-fu and General Sun Chuang-fang was commander-in-chief of the forces of five provinces—Fukien, Kiangsi, Chekiang, Kiangsu and Anhui.

After the seven central provinces had been conquiered, the Wuhan Nationalist Government was inaugurated at Hankow.

The late General Chang Chung-chang, who was then in military control of Shantung and Chihli Provinces, sent his troops southward to reinforce General Sun Chuan-fang's men against the revoultionary forces.

General Yen Hsi-shan of Shansi, who signified his willingness to cooperate with General Chiang Kai-shek, immediately despatched troops toward Chihli.

Assisted by Marshal Feng Yu-hsiang from the Northwest Central Government troops encountered no difficulties in enveloping the Chihli-Shantung Army.

Marshal Chang Tso-lin, the former warlord of Manchuria, who was then in Peking, fled to Manchuria in 1928, when he met his death as his special train reached Huangkutun, the station nearest to Mukden, in a sensational bombing incident.

About a year later the Young Marshal, Chang Hsueh-liang, signified his allegiance to the Nationalist Revolutionary Government.

The revolutionary conquest took more than five years to complete when the nationalist blue-sky and white-sun flags made their first appearance throughout China Proper.

Tokyo Police Arrest 189 Suspected Communists —American Participation Alleged

Charged with being the leader of a new group of eighteen, who sought to re-establish the now defunct Japanese Communist Party, Shigeo Kamiyama, is now being examined by the Tokyo police. In his home, police claimed that they found piles of "Motion Picture Story" and "Archery" magazines into which communist literature and documents had been adroitly hidden. Acting under instructions from the Communist Internationale, American "reds" used chain letters to contact Japanese comrades, the police charged in revealing the arrest of 189 persons during the last two weeks on charges of communistic activities. Thirty-seven women were among those detained.

According to Tokyo police investigators this is the first time that the American Communist Party figured prominently in relaying instructions from Moscow to Japan. This was formerly done through the Chinese Communist Party's headquarters in Shanghai, they said.

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Legislative Yuan Adopts Revised Press Law

The revised Press Law, consisting of 49 articles divided into seven chapters, was adopted at the 25th meeting of the Legislative Yuan July 12. When the Law was brought up for discussion, Messrs. Cheng Chung-hsing and Lu Chih-i suggested that in accordance with the precedents established in the enactment of the Criminal Code and the Bankruptcy Law, the draft of the revised Press Law be first issued for public criticism, prior to consideration by the Yuan, so as to avoid difficulties in the enforcement of the Law and to uphold the prestige of the Legislative Yuan.

Messrs. Huang Yu-chang, Pu Ping-chang, Chen Chang-heng and Liu Kuan-hsun, however, favored the reference of the revised draft to the Legislation Committee for re-examination, with the participation of those members of the Yuan who have had experience in the publishing field, in order to make the Law practicable. They opposed the issue of the draft Law for public criticism, pointing out that Press Law being of the nature of an administrative law and not of a law of procedure or a customary law, it is unnecessary to solicit criticisms from the public.

With the exception of slight modifications to articles 21 and 24, there was little debate, and the Law was finally adopted. The main features of the revised Press Law are as follows :—

1.—No newspaper or magazine may be published until application for its registration has been approved and sanctioned by the competent local organs, which shall pass on the application within two weeks after receipt thereof.

2.—The District and Municipal Governments, and the Bureau of Social Affairs of the special Municipal Governments under the direct jurisdiction of the Executive Yuan, shall be designated as the local organs in charge of press matters.

3.—Printing of advertisements, notices, pictures and drawings in the publications, shall be subject to the restrictions provided for in the present law.

4.—Publications violating the law may be detained by the competent local organs.

5.—The printing of proceedings of cases heard *in camera* and of comments on any case before judgment has been rendered (*sub judice*) is prohibited.

6.—The printing of reports regarding the private affairs of individuals or families is prohibited.

7.—Punishment by imprisonment or detention for a term not exceeding one year may be imposed on those violating certain provisions of the law.

8.—The publisher of books and other publications may voluntarily present his manuscripts to the competent organs for examination prior to publication.

Italians Continue to Send Troops to Northeast Africa

One hundred thousand Italian troops have passed through the Suez Canal since March 27, and more transports are due to pass through the canal this and next month. The authorities at Port Said are wrestling with an unprecedented congestion caused by the continuous arrival of packed troop-ships. Already sunstroke has taken a heavy toll among the Italian troops, owing to their habit of stripping themselves to the waist in an effort to keep cool.

"In no circumstances will we accept a railway or other zone in or through Ethiopia administered and policed by Italy," Emperor Haile Selassie I of Abyssinia, declared in a special cable dispatched July 14 to the New York *Times*. "History teaches," continued the Abyssinian ruler's message, "that the creation of such zones inevitably is followed by annexation. We shall continue peaceful efforts to reach a settlement with Italy and only if Italy invades Ethiopia will we offer armed resistance."

It was reported in Washington July 12 that one of the primary purposes of the conferences which the secretary of state, Cordell Hull, had with the British, French and Italian ambassadors, was to express American concern regarding possible attempts by Italy and Abyssinia to fix a contraband list for neutral countries in the event of war. One Senator said it was just such a situation which hampered American shipping from 1914 to 1916 and led to the entry of the United States into the Great War. The U.S. Government, he added, would insure this time that America had established her own policy in advance in respect of goods that may be furnished belligerents.

The latest scheme for a solution of the Abyssinian problem, evolved in the course of the Anglo-French consultations, proposes that Italy should be given a "mandate" for Abyssinia.

Shanghai Is Beset With Still Further Sino-Japanese Difficulties

BY PAUL K. WHANG (汪仲芳)

THE center of gravity, insofar as Sino-Japanese difficulties are concerned, seems to have shifted all of a sudden from North China to Shanghai. The Japanese imperialists, who have raised such a hue and cry in North China that the world has been literally placed in a state of suspense,have not yet spent their strength and are out to seek new glories from another quarter. Shanghai, which has not recovered from the Japanese atrocities in the Spring of 1932,is now agog for fear that something untoward may happen at any time in future. With our sad experience still fresh in memory, we, of course, can not help looking with alarm upon any slight causes which may be conveniently utilized by the Japanese as pretexts for further aggrandizement, although we may be at the risk of being criticized as being alarmists.

In one way, the nature of the present Sino-Japanese disputes in Shanghai is somewhat similar to that occurring in North China a few weeks ago, for both of them have something to do with Chinese newspaper men. The immediate cause of the recent North China episode is said to be due to the death of two pro-Japanese Chinese newspaper men who were murdered in the Japanese Concession in Tientsin in close succession. On this pretext, the Japanese took measures of reprisal and revenge and succeeded in ousting two provincial governors and many minor officials and snatching from China many important concessions into the bargain. Now in Shanghai, the Japanese have also thrust demands upon the City Government for the settlement of two cases, in both of which Chinese newspaper men are unfortunately involved.

In the first case, the person involved is a certain Yuan Shao-yi, who is said to be a reporter for some Chinese newspapers. The said Yuan seems to enjoy wide acquaintance in the local Japanese community, and, in one of his recent speeches before his Japanese friends, he tickled the Japanese minds by dwelling on the necessity of Sino-Japanese close cooperation. But not long after his pleasant and eloquent speech, he was arrested by the local Chinese authorities on the charge that he was a communist and one of the accomplices of Mr. "X", whose identity and nationality remain a mystery to the Shanghai public. On learning of his arrest, his Japanese friends immediately started a campaign for his release by ascribing his arrest to the work of Blue Shirts because of his pro-Japanese attitude. Accordingly, Japanese representations were made to the City Government for his immediate release. In spite of the Japanese agitation, he was later sent to Hankow for trial, and in a recent hearing before the Hupeh High Court, he confessed his past communist activities.

Close upon the heels of this case, a more grave one has come up to the public notice. A Shanghai journal named *The New Life Weekly*, published and edited by a man named Tu Chung-yuan, published recently an article entitled "Gossip about Emperors", which, according to the Japanese charge, dwelt in detail on the political system of Japan with emphasis on the Japanese Imperial Household. For the alleged reason that an article of this nature constituted a lack of deference to the Japanese Emperor, the local Japanese Consular authorities took up the question with the City Government demanding the suspension of the publication of the said *Weekly*, the ban of the article in question from being reprinted in any other magazines and newspapers, the punishment of the editor of the said *Weekly* and the author of the article in question, and an offer of apologies and guarantee against the recurrence of similar incidents in future. The Japanese further charged that the said *Weekly* had been subsidized by Gen. Chang Hsueh-liang, who, therefore, must be held responsible for this incident.

In the interest of peace and safety of Shanghai, Mayor Wu had no alternative but to accept the these demands in *toto*. Accordingly, the said *Weekly* was immediately suspended and its editor and the author of the offending article were arraigned in the Second Branch Kiangsu High Court on the charge of publishing and writing something inimical to "good foreign relations". The author of the offending article is still at large, while the unfortunate editor, at the court hearings, pleaded himself not guilty, because the offending article had been passed by the Kuomintang censorship group. Based on this pleading, the Japanese authorities have made representations to Nanking concerning alleged responsibility of the Kuomintang in this connection, and rumors have it that the Japanese will take similar actions against the Tangpus as they did in North China. According to the local Japanese daily, the Japanese residents are "highly indignant at the lack of sincerity on the part of Chinese authorities in dealing with this case", and for this reason, departure northward of the flagship *Iwate* of the Third Fleet has been cancelled, while the flagship *Ataka* of the 11th Destroyer *Flotilla* has proceeded from Hankow to Nanking and will remain there until a settlement has been reached. In the meantime, for the purpose of appeasing the Japanese wrath, the Central Publicity Committee of the Central Kuomintang has dismissed the director and his assistants of the magazine and book censorship bureau in Shanghai, and the said Mr. Tu was given a harsh sentence of 14-months imprisonment.

These two cases, in normal course of events, would be passed over as small incidents which can be easily settled over tea-cups; but in this extraordinary time when the Japanese have been on the move of making mountains out of molehills, these small incidents can easily become the sparks of a great conflagration. As a matter of fact, all these agitations stirred up by the Japanese officials and civilians over these incidents are really unwarranted, unless the Japanese are bent on creating new pretences to justify their demands. If so, then all the painstaking efforts on the part of Chinese officials in preserving "good foreign relations" can not prevent the Japanese from seeking any flaw to defeat their purpose.

Take Mr. Yuan's case for instance. The Japanese version of story regarding the cause of his arrest presents a very curious reading. To all intents and purposes, what he told his Japanese friends is practically based on the same principle as frequently expounded by many Chinese political leaders. In view of the racial, cultural, historical and geographical relations between China and Japan, we are inclined to believe that no sober-minded Chinese would object to this principle, if the Japanese can really give up their traditional attitude and treat the Chinese as their equal. Therefore, any one in the same position as Mr. Yuan in face of the similar audience would speak in the same vein with the hope of calling the attention of his Japanese friends to the wrong policy pursued by their Army.

For argument's sake, even if the Japanese contention were right, the Japanese still had no right to press for his release simply because he was their friend. The said Mr. Yuan is a Chinese citizen, and subject to Chinese laws. If the Chinese Government considers that his speeches and acts are inimical to China's interest, it can arrest him as it sees fit. Any pressure exerted by the people of a foreign country for his release is tantamount to an act of infringing upon China's sovereign rights. To reverse the case, if the Japanese Government should arrest any one of its own citizens because of the fact that he dared to criticize openly the aggressive policy of the Japanese Army, will it countenance China's intervention on his behalf?

But now Mr. Yuan's complication with communist activities has been acknowledged by himself. The drastic measures taken by the Chinese Government against the communists have been long known, and therefore his arrest could not have taken his Japanese friends by surprise. To say that his arrest was due to his pro-Japanese attitude is just an artifice to sidestep the real issue and to confuse the matter. For the purpose of enlightening our Japanese friends, we wish to add that if any Chinese who pronounces some sentiments in favor of Sino-Japanese co-operation should be subject to arrest, then the Chinese Government would not make use of the services of the many pro-Japanese officials and pursue such a weak-kneed policy toward Japan.

The Japanese displeasure caused by an article in *The New Life Weekly* seems to be more justified, but not at all reasonable. If anything appearing therein, by long stretch of imagination, can be interpreted as reflecting upon the honor and dignity of Japanese Emperor, it is entirely due to the ignorance on the part of its publisher and the writer of the offending article of the fact that Japanese Emperor is inviolable. If any damage has been done, reparation has been fully made by the suspension of the said *Weekly* and the offer of apologies by Chinese officials. Therefore it does not appeal to us as reasonable that the Japanese officials should vent their wrath upon the Kuomintang and dispatch warships to Nanking to bring pressure upon the Chinese Government.

In this connection, we venture to raise a question if the Japanese have given due respect to the head of the Chinese Government as they have requested of the Chinese people to do toward their Emperor. Not long ago, the Japanese military officers of very inferior ranks, without regarding the niceties of international courtesy, openly made many false charges against Gen. Chiang Kai-shek. If the military officers could openly hurl false charges on the chief officer of a friendly government, why is a Chinese writer not to be permitted to write some lines in good humor about the Japanese Imperial Household? The Japanese can not expect the Chinese people to respect their Emperor, while their military officers have shown scant respect to the leader of the Chinese Government.

The Japanese, of course, will not consider these incidents as satisfactorily settled unless the Tangpus in Shanghai and its vicinity as in North China have closed their doors. It is also expected that some of the leading officials of the City Government of Greater Shanghai, whom the Japanese have considered as persona non grata, will be forced to resign and that in their place pro-Japanese officials will be appointed, so that in future the Japanese demands will be readily accepted without any hesitation.

Shanghai, July 15, 1935.

THE GIST OF JAPANESE PRESS OPINION

The loan market has sharply declined since the first half of last year. This is mainly due to the absence of proper control over the market. This serious weakness of the loan market should be removed at once in view of the future demand of the Government loans.—*Tokyo Asahi.*

A pessimistic opinion prevails here as to the future of the Japanese finance. But neither the red figure loans nor the overproduction which are counted as the salient causes for pessimistic conclusions need be considered incompatible with prosperity. They only need control.—*Osaka Asahi.*

A 17 year old boy in Tokyo is reported to have been found not guilty after being arrested on a charge of theft and examined by the police and subjected to cruelties. This is even worse than the alleged torture of the prisoners accused in connection with the rayon scandal. The police authorities must reform their examination system.—*Tokyo Jiji.*

It is not yet ascertained whether the Japanese protest in the *Hsin Seng* case contained a demand to hold some of the Kuomintang leaders responsible for the incident, but we should not be surprised if it did, inasmuch as the fact is manifest that they were behind the case. It is understood that under these circumstances, Dr. Wang Chin-wei sought retirement into the Shanghai hospital on a plea of his weakened health.—*Tokyo Asahi.*

Southwest Executive Committee Criticizes Non-Resistance Policy

The Southwest Executive Committee of the Kuomintang as Canton June 22 circulated a telegram urging the Central Government to declare its policy and asking the people to arouse themselves for the salvation of the nation. The telegram among other things said: "We, living in the south, are far from being well informed. At first we entertained great doubt, but thought that the government had mapped out a scheme for resistance against aggressors and salvation of the country and that they did not announce it because of diplomatic secrecy. But what happened lately disclosed that the national sovereignty has been greatly reduced and the prestige of the race has been greatly impaired, much more than reported. Grieving over this, we cannot remain silent. It is generally known that the loss of the Four Northeastern Provinces was due to non-resistance. The conclusion of the Tangku Truce means the imposition of restraints on our nation. Then came the resumption of postal and railway communication between Peiping and the Puppet State. Surrender was the only policy of the government, whenever aggression was made by our neighbor. At present, it seems that the land north of the Yellow River is not our territory and is now under the jurisdiction of others. Our territory is limited, but the desire of the Japanese can never be gratified."

Health Education Society Inaugurated at Nanking

A Health Education Society was inaugurated in Nanking July 11 under the auspices of Messrs. Chen Kuo-fu, Chairman of the Kiangsu Provincial Government, Chou Fu-hai, member of the C.E.C., Tai Chi-tao, President of the Examination Yuan, Yeh Chu-tsang, Secretary-General of the Standing Committee of the C.E.C., Niu Yung-chien, Vice-President of the Examination Yuan, Chen Li-fu, member of the C.E.C., and Cheng Tien-fang, Ambassador-designate to Germany.

The inaugural ceremony was presided over by Chen Kuo-fu, and attended by over 100 members and representatives of various Government and civic organizations, including Wang Lu-i, representative of Central Party Headquarters.

Japan Denies Charges of Crossing Frontier Made by Soviets

The Kwantung Army headquarters July 12 issued a communique categorically denying the Soviet protests to Japan concerning seven cases of alleged crossing of the frontier by Japanese troops. The communique also denied the Soviet charge that Japanese troops fired into territory eight kilometers north of Blagoveschensk on June 16. Strong objection to the attitude of the Soviet Government towards the frontier problem is taken by the Kwantung Army headquarters, which contends that the Soviet authorities had established defence works along the frontier which they had arbitrarily fixed according to an inaccurate topographical chart. Manchukuo, the communique concludes, is entitled to defend the frontier as well as Soviet Russia.

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The PORT OF SEATTLE

Japan's National Revenue Drops—No Reduction in Deficit Bond Issues in Sight

DECREASES in various sources of national revenue loomed large these days as another cause for worry by K. Takahashi, the aged Japanese Minister of Finance, according to a *Rengo* dispatch from Tokyo, July 15.

Statistics for June show a drop in the money collected by Government railways, poor sales of tobacco by the Monopoly Bureau and a halt in the natural rate of increase in postal savings. Coupled with the sluggishness of the export markets, these signs have cast a pall of gloom over the Ministry of Finance.

Mr. Takahashi last month announced that he hoped he would be able to slash the amount of deficit bonds to be issued to balance next year's budget by Yen 100,000,000 because of an increase in direct government revenue. Unless an unexpected upturn is shown, Mr. Takahashi, Tokyo observers held will have to revise his estimates drastically.

In view of these developments, Japanese financial seers predicted that next year's deficit bond issue will at least equal that year, which amounted to Yen 770,000,000.

Earthquake in Shizuoka—Scores Dead, Over a Hundred Injured

Twenty-four persons are known to be dead, with more than 100 injured, following a violent earthquake which rocked Shizuoka prefecture for about one minute beginning at 5:25 o'clock in the of this afternoon of July 11.

After viewing the actions of the Japs in China, we shall not, editorially or otherwise, deplore the next earthquake that Provindence sees fit to bestow upon their islands.—*Ohio State Journal.*

Gen. Ugaki Confers on Korean Problems

The problems connected with the patrolling of the Soviet-Korean border were discussed at a meeting between General Kazunari Ugaki, Governor-General of Korea, and Gen. Senjuro Hayashi, War Minister, in Tokyo July 11. The two officials also reportedly discussed the question of Korean emigration to Manchukuo.

Small Unfavorable Balance Predicted for Japan

Fears of a large adverse balance of trade in the current year, caused by the unfavorable returns for the first ten days of this month released in Tokyo July 11 were strongly discounted by informed trading circles. Japan's exports have made great progress during the past three years, and although further expansion may be difficult, it should be easy to maintain the exports at their present level, these observers pointed out.

Sixty-three Japanese Entombed in Mitsui Coal Mine

Sixty-three miners were entombed July 14 when in explosion of coal gas occurred in Mitsui's Tagawa colliery. Hope that the missing men will be rescued alive is slender, as there is considered to be little chance of any of them escaping suffocation.

Japan Imposes Retaliatory Duties Against Canada

The Tokyo Cabinet July 16 approved retaliatory action against Canada, providing for the imposition of an additional ad valorem duty of 50 percent on several of Japan's chief imports from Canada. These include lumber, wheat, wheat flour, wheat gluten, starch, wood pulp, felt for industrial use and wrapping paper. These measures were recommanded to the Cabinet by the Tariff Commission of the Ministry of Finance, when the Canadian government declined to abolish a so-called "dumping levy" and to adjust the rates of exchange under which ad valorem duties are collected on Japanese goods. *Rengo* points out that among other countries, which, like Canada, enjoy favorable balances in their commercial relations with Japan, and are vigorously restricting Japanese imports, are Germany, Australia and the United States. Similar action against said countries is foreshadowed.

Japan Opposed to P. I. Quotas

Osaka Cotton textile leaders are unanimously opposed to desires of the Philippines Government to fix quotas for Japanese imports to the islands on a basis of approximately fifty million metres annually. However, as they desire to forestall further increase in the Philippines tariffs, Osaka spokesmen will soon confer with Tokyo representatives in an endeavor to form a textile commission which will formulate a plan of control, by seeking to adjust exports from Japan to the Islands.

Communism in the Japanese Army

What the Tokyo *Kokumin* calls an unprecedentedly disgraceful affair in the Japanese army has come to light. A cadet in a certain regiment of the Imperial Bodyguard Division, discontented because he was not promoted when his companions were, developed a leaning toward Communist doctrines and sent a threatening letter to the regimental commander. He and two associates, outsiders with whom he was in communication regarding the spread of radical doctrines among the soldiers of the regiment, have been arrested. The young man, Kimio Sakurai, 22, eldest son of Toshio Sakurai, chief secretary of the Tokyo Municipal Assembly, will be indicted on a charge of threatening a superior officer, the newspaper understands, and tried by an army court-martial.

"You, commander of the regiment, are you aware that danger hangs over the members of your family?" the letter said in part. "A considerable number of Communists are enlisted in your regiment as soldiers. Do you know that the army today is not what it used to be in the old days? When you are outside the barracks, you are in danger. * * *" When the commander received the letter he immediately handed it over to the Kojimachi gendarmerie, whose investigation led to the arrest of Sakurai. Both the non-army persons confessed that they had been admitted formally to the Communist Party in June of 1933 and had been assigned to spreading Communism among soldiers. They escaped arrest in the Communist round-up of August of the same year, Kitamura going to Yokohama and engaging there in underground activities. He organized a club of taxi-drivers with the intention of inculcating the members with Communist notions, but he failed in his objective because of the opposition of the men. Last March, Kurokawa helped him establish a literary circle to secure new members for the Communist Party. They were trying to obtain soldier recruits through Sakurai, taking advantage of his dissatisfaction with the army.

Shaki-up in Japanese War Office—New Inspector General Appointed

A sensation was caused in Japan July 16 by an announcement by the War Office that General Jinzaburo Mazaki, Inspector-General of Military Training—one of the highest positions in the Imperial General Staff—has been relieved of his duties after refusing to resign. This drastic action is believed to be the first step in the determination of the Minister of War, General Hayashi, to reassert control over the Japanese Army, particularly the Kwangtung branch, which has been affected since the Mukden "incident" of September, 1931, owing to the activities of the so-called yonnger clique, consisting of chiefs-of-staff and military attaches. The Emperor received General Hayashi in audience July 15, and approved sweeping changes and promotions affecting several thousands of Japanese officers, with the object of strengthening unity in the Army.

Gen. Iyotaro Watanabe was appointed to succeed Gen. Mazaki. Gen. Watanabe is now a member of the Supreme War Council. He is a veteran of the Russo-Japanese war.

***

Tokyo Police Hold and Torture Innocent Youth for 20 Days

The detention by the Tokyo police for 20 days of a 17-year-old boy and the use of third-degree methods to extort from him a confession that has since been found to be without foundation have been revealed through the efforts of a sympathetic Ginza businessman to see that justice was done.

In early February, a 500-pound machine saw worth about Yen 200 was sent by the Tsutsui Gomei Kaisha, a firm located in Nishi Ginza, to the Nakagawa Iron Works, in Joto Ward, for repairs. Unable to do what was necessary, Shutaro Nakagawa, owner of the establishment, sent it to the Itaya Iron Works, in Fukagawa Ward, and it was taken by a delivery boy, Noboru Muto, according to the *Jiji* (translated the *Japan Advertiser*).

After a few days, presuming that the repairs had been completed, Mr. Nakagawa sent another boy to the Itaya Iron Works for the machine, but the boy was told that the machine had never been received. The employer asked Muto what he had done with it, and the latter insisted that he had delivered the machine and been assured that it would be fixed. Mr. Nakagawa went personally to see Iwazo Itaya, owner of the other iron works. For about two months the two men wrangled back and forth, and finally the matter was called to the attention of the Ogibashi police station.

On May 10, Mr. Itaya, Mr. Nakagawa and Muto, the delivery boy, were summoned to the police station for questioning.

"I absolutely cannot recall ever having been asked to repair the machine as Mr. Nakagawa's delivery boy claims," Mr. Itaya asserted.

Despite the denials of the others, the examining officer took Mr. Itaya's word and had Mr. Nakagawa and the boy detained. The following morning, the employer alone was released, Muto being held at the station as a suspect.

Bound to a Chair and Whipped

The police kept him for 20 days, during which they grilled him constantly in their efforts to make him confess that he had stolen the machine, sold it and pocketed the proceeds. At times he was bound to a chair and whipped. The torture and torment kept up so long was more than the boy could bear, and he finally

said he had sold the machine to a scrap dealer for Yen 3 and used the money to buy a pair of overalls.

The story came to the notice of Yukio Tsutsui, president of the company that had sent the machine to be repaired, who had known the boy and regarded him as hard-working and honest. The third-degree methods to extort the confession made him indignant, and on May 27 he called on the chief of the police affairs bureau of the Metropolitan Police Board, to whom he made a request that the matter be fully investigated.

An inspection officer and a captain of the Metropolitan Police Board were sent to the Ogibashi police station the following day. They reported that they had found no evidence of torture but that there was some doubt about the exactness of the boy's confession. On June 2, Muto was released. To Mr. Tsutsui, however, the Metropolitan Police Board said nothing.

Dissatisfied with the failure of the authorities to let him know the result of their investigation, the man went to the chief of the Ogibashi police station on June 18 and lodged a strong complaint against what had been done to the boy. As a result, Mr. Itaya and all of the employes of his iron works were summoned to the station the next day, and the officer in charge of judicial affairs began a new investigation.

On this occasion, Mr. Itaya, who previously had stoutly denied any knowledge of the machine, made the following confession:

"To tell you the truth, my former statement was false. When the machine was brought to my shop for repairing, I was busy with something else and told one of my employes to help Muto unload it. It was placed in front of the shop and through carelessness was left outside that night. In the morning, it was gone, apparently stolen. I was greatly worried, for I thought I would be held responsible for its loss and made to pay a large sum. As I was short of funds, I kept the matter a secret. To escape responsibility, I told the party who came from the Nakagawa Iron Works for the machine that it had never been received. I was lying. As I shall pay back the loss, please do not indict me."

As a result of this confession, Mr. Itaya was held for two days. Through the officer in charge of the investigation, the chief of the police station informed Mr. Tsutsui of the development and also sent a full report to the Metropolitan Police Board.

Interviewed by the *Jiji*, the chief of the Ogibashi police station had the following to say:

"When the case was brought to the station, I was ill and therefore was not acquainted with it. I think the officer in charge of peace preservation did what he did because of eagerness to settle the affair and therefore should not be charged with delinquency. It is to be regretted that his report and of the officer in charge of judicial affairs are entirely different. Now that we have learned the machine was stolen, we cannot lose time in tracing its whereabouts. As soon as more information is available, I think it will not be too late to raise the question of responsibility. I'm sorry that Muto was detained. He should have been examined by the officer in charge of judicial affairs in the first place."

The chief of the police affairs bureau of the Metropolitan Police Board admits that there seem to have been "regrettable aspects" to the manner in which the case was handled by the officers of the police station.

Lloyd George Urges United Front Against Japan

Vast proposals for national reconstruction are contained in the memorandum on his New Deal recently submitted to the Cabinet by Lloyd George, Great Britain's war-time premier, and made public in London July 15. The magnitude of the undeveloped possibilities of China, and the importance of the diplomatic and financial policy Britain pursues in the Far East, are given prominence. The memorandum says that, owing to lack of equipment and the deplorable deficiency of transport facilities, the output and wealth of Chinese workers is, per capita, under one-thirtieth that of Canadian or American workers. There are many grounds, apart from commercial advantage to be considered he declared. It would be a disaster if the Western Powers failed to co-operate in the process of helping China establish herself and left her alone to the tender mercies of Japanese exploitation. For future world harmony, it is vital that Great Britain, the United States and Russia agree on a policy equally as strong as Japan's and join that country in aiding China to get on her feet.

Thirty-five Dead, 142 Injured in New Formosan Earthquake

Thirty-five persons were killed and 142 seriously injured in an earthquake which shook the western coast of Formosa shortly after midnight July 17. More than 150 houses were wrecked. This has been the third serious seismic shock to rook the island within the last three months.

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Manchukuo Bonds Meet With Dull Response

An apathetic market greeted the public sale in Tokyo July 15, of Yen 15,000,000 in Manchukuo bonds designed to finance the purchase of the North Manchuria (Chinese Eastern) Railway. This was the second time that a Yen 300,000,000 lot of debentures of the new Empire was floated by the syndicated Japanese banks underwriting the entire issue of Yen 170,000,000. The syndicate retained Yen 14,500,000, placing the rest on public sale through the Industrial Bank of Japan.

Observers in Tokyo ascribed the unfavorable response of the market to the fact that considerable capital had recently been used in the purchase of South Manchuria Railway bonds and that savings banks, largest purchasers of bonds in the country, were unable to buy Manchukuo debentures because of legal limitations. *Rengo* says that spndicated banks still have to dispose of Yen 110,000,000.

Yokohama Yards Build Manchukuo Dredger

Chusaburo Ishikawa, engineer of the Manchukuo Departmens of Communications, arrived in Yokohama from Hsinking thit week to receive a new large dredger built for the Manchukuo Government by the Asano Shipyards. The vessel, which will be used for dredging operations on the Liao River, southwestern Manchukuo, can remove 15 to 16 cubic meters of mud per hour. The dredger was launched July 15 and will immediatcly be taken to Yingkou.

Japan to Establish Mongolian Trade Firm

Establishment of a joint Japan-Manchukuo firm to engage in trade in Inner Mongolia is being considered by several prominent Japanese firms, led by Okura and Company. The Okura concern already started operations in Mongolia early this summer, with headquarters in Linhsi in Jehol and Dolonor in Chahar. The firm is bartering wool and hides for Japanese merchandise.

Japanese Troops to Stage Maneuvers at Shanhaikwan on July 22

Beginning from July 22, the Japanese troops in North China, particularly those stationed along the Peiping-Liaoning Railway between Tientsin and Shanhaikwan, will hold a series of large scale maneuvers at Shanhaikwan for a week, according to information from Japanese sources. General Y. Umetsu, Commander of the Japanese Forces in Tientsin, is due to leave Tientsin for Shanhaikwan on July 21 in order to reach there in time to direct the maneuvers. It is learned that the Japanese units stationed at Tangshan, Tangku, Changli, Luanchow and Chingwantao have all been ordered to proceed to Shanhaikwan to participate in the maneuvers.

25,000 Japanese Farmers to Settle in Manchuria

The Bureau of Manchurian Railways has completed plans for settling 25,000 Japanese farmers on large tracts land along the Hulan-Hailun railway. It is stated that the immigrants will arrive from Japan in the autumn, and after spending the winter there to adapt themselves to the new conditions, will start tilling the soil in the Spring. The immigration enterprise is stated to be jointly financed by private and public organizations, and large tracts of land along the railway for the immigrants are reported to have been purchased from Chinese farmers.

Compromise Scheme for Abolition of Administrative and Taxation Rights in S.M.R. Zone Is Drafted

The Tokyo *Jiji* July 12 stated that a compromise scheme for bringing nearer realization the much-clamored-for abolition of extraterritoriality in Manchukuo has been drafted as a result of the negotiations conducted between Masayuki Tani, counsellor of the Japanese Embassy at Hsinking, and the Foreign Office, War Office and Manchurian Bureau authorities since Mr. Tani's arrival in Tokyo some time ago.

The Japanese Government some time ago made a statement regarding its willingness in principle to remove extraterritoriality from Manchukuo and the Foreign Office commission on the problem has been consulting the various Ministries concerned with a view to obtaining a plan of procedure, finally deciding on an initial step of withdrawing Japanese taxation rights over the S.M.R. zone.

Japan-Manchukuo Business Association Wants a Chance Against the S.M.R.

Declaring that the South Manchuria Railway Company has hitherto monopolized the investment business in Manchuria, the Japan-Manchukuo Business Association July 10 adopted a resolution urging the Tokyo and Hsinking authorities to facilitate investments in the new State by other concerns.

Soviets Agree to Prolong North Saghalien Oil Concession by Two Years

The Tokyo *Asahi* says that while the Japanese North Saghalien Oil Company is negotiating with the Soviet Government through the Foreign Office for prolongation of the term of oil concessions in North Saghalien for prospecting purposes by five years from the end of 1936 (when the present term expires,) the Soviet Government has agreed to extend the term of concession by two years, with regard to wells, until the end of 1938, as follows: One wells in the Ehabi district begun in 1932 (at present not in operation), 3 well in the Ehabi North Batasin and Katangli districts, begun 1933, 7 wells in the Ehdbi, Polony, Batasin and Katangli districts begun in 1934 and 5 wells begun in the North Okha, Ehabi, Kuizrani and Katangli districts.

The Soviets have agreed to extend the term of concession by two years because in approving an extension of five years for purely prospecting purposes complicated arrangements would have to be made as it would require revision of the Peiping Treaty, and for two years there is needed only administrative procedures. The Japanese, however, have notified the Soviets that they must have an extension of five years in order to carry out their plan of test boring in North Saghalien.

Soviet-United States Trade Agreement Is Confirmed

On July 13 M. Litvinov, People's Commissar of Foreign Affairs of the U.S.S.R. and W. Bullitt, United States Ambassador to the Soviet Union, exchanged notes in Moscow confirming the agreement reached between the Soviets and United States governments on trade relations between the U.S.S.R. and the United States. The agreement applies to Soviet goods imported into America, the custom duties proclaimed by the President of the United States pursuant to trade agreements concluded with foreign governments under authority of the act which was approved on June 12, 1934. On its part the Soviet Government undertakes to take steps to increase substantially the amount of Soviet purchases in the United States. The agreement is effective for 12 months.

Senator McCarran on "Sucker" Deals

Senator Pat McCarran, July 15 characterized the newly signed Russo-American trade pact as a "Santa Claus" pact. "Before he (Mr. Cordell Hull) gives away our country," said Senator McCarran, "in these ridiculous sucker deals, the powers which Congress foolishly gave him must be cancelled."

Moscow Izvestia Says Agreement Is Advantageous to Both Countries

The Moscow *Izvestia* commented that the Soviet-American trade agreement possesses the fundamental quality for ensuring the practicability of international agreements by being advantageous for both countries.

Moscow Declines Visa to Japanese Officials

Moscow's refusal to vise the passport of Masao Ozaki, fishery expert of the Ministry of Agriculture, who was ordered to Kamchatka to inspect the working conditions of Japanese fishermen there, is held by Government officials in Tokyo as likely to lead to further complications. The officials point out that the Soviet-Japanese Fishery Treaty, negotiations for whose revision are now in progress in Moscow, did not prohibit visits by Japanese experts to the fishing districts. A similar refusal to vise a Japanese official's passport was made early this month, when Moscow declined to allow Ikuta Yasuki, Secretary of the Japanese Consulate-General in Vladivostok, to make an inspection trip to the Okhotsk Sea District.

Soviet Death Sentences Lead to Retaliation by Germany

In view of the death sentences pronounced by a Soviet Russian court on German-Russian peasants and clergymen living in the famine districts on charges of having accepted relief funds, the Soviet Russian trading company Torgsin, through whose hands remittances to Russia passed, has been deprived of all foreign exchange privileges in Germany.

Soviet Consulates in Manchuria May be Limited to Two as Retaliatory Move

Reduction in the number of Soviet consulates in Manchukuo to two may be sought by the new State in retaliation for the reported refusal of Moscow authorities to permit the opening of Manchukuo consulates in Vladivostok and Habarovsk. As the number of Manchurian consular establishments in Soviet Russia is now limited to two, it would be advisable to limit the the number of Moscow's consulates in Manchukuo to the same figure, Changchun observers say.

Fur Auction Opens in Leningrad

The International Fur Auction opened in Leningrad on July 15. American firms are particularly well represented. The assortment of furs has been greatly extended, including lots from Iran, Afghanistan and Bagdad.

Oil Firm Seeks Extension of Rights in Saghalien

The North Saghalien Petroleum Company is asking the Foreign Office to negotiate with the Moscow authorities for the extension of the firm's prospecting rights in North Saghalien for five years, after the expiration of the present agreement.

The Man Who Got Dillinger Resigns from Department of Justice

Melvin Purvis, chief of the Chicago office of the Department of Justice, resigned July 12 to settle down and get married. Mr. Purvis earned the sobriquet "America's greatest man hunter" when he personally led Department of Justice agents in running down such famous killers and gangsters as John Dillinger, "Baby Face" Nelson, "Pretty Boy" Floyd and nearly a score of other dangerous killers, kidnappers and gangsters throughout the United States.

Money Voted to Repatriate Destitute Filipinos in the U.S.

President Roosevelt June 11 signed a Bill providing means for the repatriation of destitute Filipinos in the United States to the Philippine Islands.

Huge Automobile Production in the U.S.—Fords More Than One-Third of Total

Automobile production in the United States for the first six months of this year, exclusive of the Ford Motor Company, which is not a member of the Automobile Manufacturers Association, totalled 1,537,906 units, according to official statistics published July 11. The world production of the Ford Motor Company for the first six months of this year totalled 848,504 units, of which the domestic production amounted to 810,700 units.

100 Oklahoma Negroes Will Sail from U. S. to Join Abyssinian Forces

One hundred Oklahoma negroes have enrolled in the Ethiopian army and will leave for Abyssinia on August 1, it was announced in Okmulgee by Randolph Mitchell, their leader, who has been conducting recruiting work all over the state of Oklahoma.

63 Reported Dead in U. S. Heat Wave

The heat-wave which has been afflicted many parts of the U.S. especially the Western States, claimed 53 lives. Eighteen of the victims met their deaths in New York City, where the temperature July 12 reached 91 degrees in the shade. Thousands of the inhabitants slept during the night on the sands of Coney Island.

Senator McAdoo Fears Inflation

Senator W. G. McAdoo, from California, war-time Secretary of Treasury, July 12 warned the Senate Banking and Currency Committee that the New Deal gold clause bill which permits the immediate redmption of $10,000,000,000 in outstanding Federal bonds, may lead to a printing press currency inflation. Senator McAdoo said that, if all of the bondholders demanded cash, the Government would have to start the printing presses to obtain it. "That," he said, "may seriously injure the country's credit."

Prominent Magazine Editor Commits Suicide

Ray Long, formerly editor of *Cosmopolitan* and *Good Housekeeping* magazines, committed suicide in Los Angeles, July 9. He thrust the barrel of a small rifle into his mouth and fired a bullet through his neck.

California Supreme Court To Hear Tom Mooney Plea Sept. 9

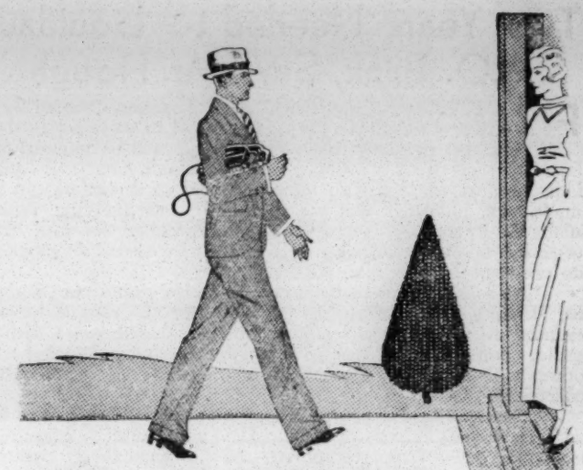
The California State Supreme Court July 4 set September 9 for the hearing of Tom Mooney's petition seeking freedom on a writ of Habeas Corpus. Mooney was sentenced to life imprisonment in 1916 for an alleged bomb-throwing outrage.

"Kingfish" Controls New Orleans—Ironical Telegram Sent to President Roosevelt

The Louisiana House Ways and Means Committee July 5 passed a series of Senator (Kingfish) Huey Long's bills and thereby completed the Senator's complete control of New Orleans. The action forestalled the anticipated move of the Washington Administration to combat Senator Long politically by withholding Federal funds from the state. When the bills were approved, Senator Long ironically wired President Roosevelt that he was "always in the vanguard for lofty ideals." Louisiana is adopting a law supporting the President's plea not to employ federal relief funds for political purposes. Senator Long urged President Roosevelt to wire the Legislature to pass the measure at once.

Ma Chan-shan Sued by Old Man Purporting to Be His Father

The District Court at Tientsin July 12 opened an investigation into an action filed against General Ma Chan-shan, former Manchurian Volunteer leader, by Ma Yung, a 73-year-old native of the Fengyun district who claims to be General Ma's father and who charges the former Volunteer leader with "desertion." The hearing was held in camera. Mr. Ma claims that General Ma is his first son, who disappeared at the age of 12 from his birthplace. The ex-Volunteer, however, denies the charge, which he claims is an insult. He claims that his father died in Fengtien in 1917.



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Two Years Needed to Liquidate A.O. Bank, Says Mr. Hough

FRANK L. HOUGH, liquidator for the American Oriental Bank and two other Raven properties, stated in an interview last week that probably two years or more will be required for liquidation of the A.O.B.C. and at the present time it is quite impossible to say when an initial payment to depositors can be made. He intimated that the more he went into the bank's affairs the worse they seemed. The general public, he said, still entertains false hopes, which facts as the now become apparent do not justify.

"It's a mess," he said in an interview with the Shanghai *Evening Post*. "There is no way that I can make an estimate as to when the depositors will get something—I wish I could. Some of the loans have proved absolutely hopeless and others will require a great deal of time for any appreciable collections.

"The situation has proved a great surprise. When I came in, with $6,700,000 in loans outstanding and not counting obligations from the other Raven companies, which I immediately counted out of considera ion, it seemed reasonable to assume that a call of these loans would bring in at least $400,000 or $500,000 the first month. Ten per cent the first month would not have been unreasonable, in fact. As a matter of actual fact we got in just $53,000 the first month, and that gives some idea of the state of affairs. It is an abnormal situation within Shanghai's general abnormal situation."

There seems no way, under the circumstances, to shorten a somewhat drawn-out liquidation period, Mr. Hough made clear. On the other hand, he hopes that the other companies, especially the Raven Trust, can be liquidated sooner and he sees no special obstacle in the way of this.

Chinese Sues Asia Realty Co. for Alleged Breach of Mortgage Agreement

Suit asking $767,380 has been filed in the U.S. Court for China against Frank L. Hough in his capacity as trustee for the Asia Realty Company by K. Z. Yeh, a Chinese residing in Shanghai. Mr. Yeh's petition recites that on August 8, 1934, the plaintiff executed a mortgage agreement with the Asia Realty Company whereby the company agreed to lend $590,000 "for the purpose of constructing certain buildings at the corner of Park and Burkill Roads, Shanghai. Money was to be advanced in installments, in accordance with certificates of the architects.

Relying on these promises by the company, according to the petition, Mr. Yeh proceeded to contract with Sun Kee and Company for work which began on November 20, 1934, with Messrs. Keys and Dowdeswell as architects. Sun Kee agreed, with approval of Asia Realty, to finance the construction to the extent of 35 per cent, says the petition.

On April, 3, 1935, the petition goes on, the architects issued a certificate authorizing payment to Sun Kee of $84,500, or 65 per cent of the total amount payable at that time; Asia Realty, however, paid only $22,550 on this certificate. A further certificate was issued on April 18, says the petition, authorizing payment of $20,213, this being 65 per cent of the total payable at that time, but this time Asia Realty refused to pay anything. The "failure and refusal of Asia Realty to advance money or make payments has caused work to be discontinued and caused loss or damage to the plaintiff of $767,380," says the petition; claim is made for this and such other relief as the court may find equitable.

Asia Realty Joined as Defendants in Second Suit

Mr. Hough, as trustee of the Asia Realty Co., also will appear as the second defendant in the case of Arnhold & Co., v. the Reyer Construction Corporation (first defendants) and the Asia Realty Co. (second defendants).

In the bill of complaint filed with the U.S. Court for China, the plaintiffs state that, on December 31, 1932, the first defendants became and were indebted to the plaintiffs in the principal sum of Tls. 43,000, and, to secure payment of this sum, the first defendants executed and delivered a mortgage, dated December 31, 1934, and conditioned for the payment of this sum with interest at the rate of 8 per cent per annum, payable annually. The property mortgaged was some land in Columbia Circle and connected with Amherst Avenue, namely, Municipal Lot No. 16, registered as U.S. Lot No. 3669. The area of the mortgaged land is mow 1.139.

Subsequent to the execution of this mortgage, this land was deducted from the original Lot 3669 and reregistered as U.S. Lot 4011. The interest due on December 31, 1934, when it was due and payable, amounted to $10,323.57. Plaintiffs state further that on several occasions they paid for the insurance, repairs, and other items, totalling in all $305.15.

Continuing, the complaint states that the second defendants had, or claimed to have, interest in the premises, inasmuch as the Asia Realty Co. were holders of the registered legal title of the property. Arnhold & Co. believe that the second defendants have no beneficial or equitable interest in this property. The plaintiffs accordingly ask for judgment in the following terms:—

"Judgment against the first defendants for the sum of $6,011.52, and for the sum of Tls. 43,000, equivalent to $60,000.86, with interest at the rate of 8 per cent per annum from December 31, 1934, and for the costs of the suit. That a decree be made for the sale of the premises, the proceeds of the sale to be applied in payment of the amount due plaintiffs, and that the Reyer Construction Corporation be debarred from all right, claim, or equity to the redemption of the premises. That the second defendants, as holders of the bare registered title only, be ordered to transfer all rights and the registered legal title of these premises to the purchaser at the sale, and that the purchaser be let into the possession of the premises on production of the Marshal's declaration, and that the plaintiffs may have such other and further relief in the premises as the Court deems fit and equitable.

"Beneficial Ownership" an Issue

The answer to be filed with the Court by the Asia Realty Co. is understood to be that they are the registered owners of the land and have no beneficial or equitable interest in the property. The point that this matter of "beneficial ownership" would prove a snag in realizing the assets of the Asia Realty Co. was mentioned in *The Review* of June 22 (p. 113).

Asia Realty is one of four Raven enterprises, of which three are in liquidation. Late in May, at the time the other firms went into liquidation, the Asia Realty applied for appointment of a special trustee, and early in June, following Judge Helmick's appointment of Mr. Hough as liquidator for the other three enterprises, he named Mr. Hough trustee for the Asia Realty.

Judge Helmick Rules That P.U.M.C. Doctors Were Not Negligent

In the United States Court for China, in Tientsin, July 13, Judge Milton J. Helmick gave judgment in favor of the Peking Union Medical College in the suit brought by Harry Raider, a well-know Tientsin resident, for damages. In giving judgment, Judge Helmick said:—"Plaintiff seeks damages for malpractice by the defendants in treating his wife by surgery and radiation for cancer of the cervix, from which she died. The treatment was criticized as not radical enough. There is no standard method of treatment, since medical science knows neither the cause of, nor cure for, cancer, and methods change almost from day to day as cancer clinics throughout the world labor and experiment and issue bulletins. In the treatment given by the defendants, which was at least as good as any that could be secured in China, the Court finds no negligence or lack of ordinary skill. The complaint is dismissed at plaintiff's cost."

Mr. Raider had alleged negligence and incompetence on the part of P.U.M.C. when his late wife was in hospital being treated for cancer. He declared that though a cancer specialist was employed by the hospital, he was not allowed to treat her, and that her death was hastened by needless physical and mental suffering. The decision in the Raider case completes a series of four Peiping suits against the P.U.M.C., in all of which the institution won. The other three asked damages of U.S. $10,000 in each instance for alleged wrongful dismissals of staff members.

Chinese Steamer Sinks on First Trip to Taichow

The *Meilee No. 2*, formerly known as the *Eumeralla*, belonging to the Mei Lee Steamship Co., Nantao, sank at Tinghai, on the Chekiang coast, on July 12 before she reached her destination on her maiden voyage to Taichow. No loss of life was reported.

Purchased from the Foh Lai Co. for $60,000, the *Meilee No. 2*. of 661 tons net, was reconstructed at the Kiou Sin Dock Nantao. Carrying about 400 passengers and 400 tons of cargo, consisting of cereals, the steamer left the Nantao Bund on her first voyage to Pootoo, Tinghai, Shihpu, and Taichow. A group of passengers landed when the vessel reached Pootoo last Friday. The Tinghai office of the firm had prepared a big welcome for the new vessel, and, when the *Meilee No. 2* reached port, a large number of prominent residents there were invited to go on board for an inspection of the new addition to the company's fleet. While the guests, together with a large number of spectators, were being shown around the vessel at 6 p.m., a quantity of firecrackers were let off on the wharf. The rush toward that particular side of the vessel by those on board to see what was happening on the wharf caused the vessel to take on a heavy list.

Serious Riots in Northern Ireland

Two persons, including a woman, were killed and 40 others, including four policemen, wounded in the course of serious disturbances in Belfast in the night of July 12 when riots broke out, after celebrations of the Battle of the Boyne. Disorders reached their highest pitch when rival factions in one of the districts of the city engaged each other in furious street fighting, using stones as missiles and firing shots. As a warning, the police fired a Lewis gun over the heads of the mob. When this not did have the desired result, the police fired into the crowd itself.

Who's Who in China

林 桐 實

Lynn Teng-sih (Lin Tung-shih)

Lynn Tong-sih, Government official; native of Fukien; graduate, University of Paris; attache to the Chinese Legation, Paris, 1902 and secretary, 1905-09; First Secretary of the Special Mission sent to Belgium, Denmark, Spain and Sweden, August 1909; First Secretary to the Chinese Legation, France, 1910; Charge d'Affaires in France 1911; Charge d'Affaires in Portugal, Cuba and Brazil, 1912-17; Adviser on Foreign Affairs to the President, 1918; Assistant-director of the Political Department, Ministry of Foreign Affairs; conferred the rank of Ministre Plenipotentiaire 1919; Secretary-General of the National Labor University, 1930; Chief of Protocol and Assistant-Director of the Department of General Affairs, Ministry of Foreign Affairs, since 1932; address: General Affairs Department, Ministry of Foreign Affairs, Nanking.

林桐實，原籍福建，畢業於法國巴黎大學，一九〇二年任中國駐法使館隨員，一九〇五至〇九年任該公使館秘書，一九〇九年任赴比利時，丹麥，西班牙，及瑞典之特派考察團一等秘書，一九一〇年任駐法中國公使館一等秘書，一九一一年任該公使館代辦，一九一二至一七年歷任葡萄牙，古巴，及巴西國中國公使館代辦，一九一八年任大總統外交顧問，一九一九年任外交部政治司副司長，並授予全權大使銜，一九三〇年任國立勞働大學秘書長，一九三二年任外交部總務司副司長，現供斯職。通信處：南京，外交部，總務司。

Foreigners in Interior Not to Be Detained if Passports Have Expired

Passports held by foreign missionaries or travellers in interior regions should not be summarily detained or forfeited merely because no stipulation is made therein regarding the period of validity or when the period for renewal of visa has already expired, the Ministry of Foreign Affairs states in a communication to the various Provincial Governments throughout the country.

The communication says that passports held by foreign missionaries travelling in the interior sometimes do not contain any stipulation as to the period for which they are valid and there have been instances in which such passports were, upon discovery, detained and forfeited by the local police or military authorities, thereby giving cause for serious complaints. Such incidents have been particularly numerous with French missionaries.

Continuing, the communication points out that while the right of visa rests with the Chinese Authorities, it is within the discretion of the Authorities of the country issuing the passports either to specify the period of validity or not. Hereafter, in case the period for the visa of a passport has expired, the holder should be advised to get the visa renewed as soon as possible. It should be pointed out to him that the purpose of the visa is to facilitate investigation to the end that adequate protection may be accorded. The process of renewal of the visa should also be expedited and in cases where the offices of the District Government are some distance away from where the foreign missionary or traveller happens to be, the local Bureau of Public Safety should have the passport forwarded to the District Government for visa and have the same returned to the holder as speedily as possible. In no case should a passport be detained and the holder needlessly inconvenienced.

亞林沙而

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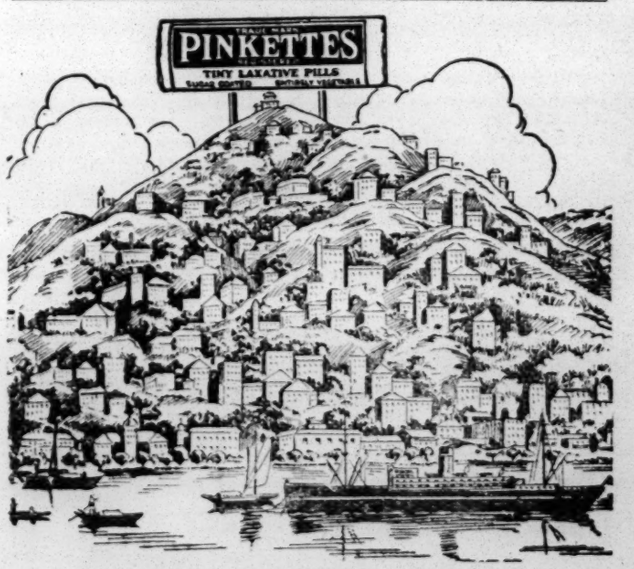

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Men and Events

Dr. W. K. Nance has return to Shanghai after a three months' vacation spent in the United States.

Henry K. Murphy, well known American architect, departed from Shanghai July 16 on the s.s. *President Hoover*, for the United States, after his eighth visit to China.

Madame Tang, the mother of the Vice-Minister of Foreign Affairs, Tang Yu-jen, who is concurrently secretary-general of the Central Political Council, celebrated his 70th birthday July 14.

Henry Kinney, of the South Manchurian Railway, has recovered after being operated upon for a cataract in the P.U.M.C. Hospital in Peiping last week.

The printing of lunar calendars will be suppressed in future, according to an order issued by General Tsai Ching-chun, commissioner of the Bureau of Public Safety of Shanghai, July 13.

The Central Party Publicity Committee at Nanking is planning to compile a biography of General Chiang Kai-shek. The various military organs and schools have been requested to contribute material for same.

Hu Han-min, former President of the Legislative Yuan, who is now on a world tour for the benefit of his health, arrived in Switzerland July 11, where he and his party intend to make a prolonged stay.

J. B. Powell, editor and publisher of the *China Weekly Review* and correspondent in China for the *Chicago Tribune*, returned to Shanghai this week after spending a month in North China. He visited Kalgan and eastern Inner Mongolia.

Roy Bennett, editor and general manager of the *Manila Daily Bulletin*, is a visitor to Shanghai for a brief vacation. The publisher of the *Bulletin*, Carson Taylor, is at present in Washington, D. C. He was received by President Roosevelt July 17.

Henry F. Misselwitz, New York night cable editor of the *United Press*, who was seriously beaten by an unknown assailant on the night of June 30, is reported in a critical state at Bellevue Hospital in New York.

M. R. Rice & Co. Fed Inc., insurance agents, announce the sale of their casualty business in China, to Karl B. Hill, who will conduct the business under the name of K. B. Hill Insurance Agency. M. R. Rice is returning permanently to the United States.

Jesse I. Sung, son of F. T. Sung, Chinese consul-general in Batavia, was married to Miss Hilda Kan of Batavia on June 28. The newlyweds are at present in Shanghai. Mr. Sung is a graduate of Yenching University of Peiping of the class of '29.

The gasoline tank of the new Customs preventive cruiser *Kwan Wei* exploded off Pootung point July 16. Theodore Joyce, American, in charge of the boat, was severely injured. Four Chinese members of the crew were badly burned.

The death occurred at Tsingtao July 9 of Mrs. Ethel Wiener, several days after she had given birth to a son. The deceased was the wife of Myron Wiener, a member of the law firm of Rodger & Co. in Shanghai, and the daughter of Samuel Zimmerman, a well known merchant in North China.

The funeral service for Carl Hildreth Young, only son of Dr. and Mrs. C. Walter Young, was held in the auditorium of the P.U.M.C. at Peiping June 9. Interment took place at Peitaiho June 11. Deceased was born at Peiping, October 19, 1926. Death was due to scarlet fever.

Sightseeing Tours, Inc., has put the first of its luxurious 25-passenger buses on the road. Starting from the Customs Jetty at 9 a.m. this bus, with a competent guide, makes a two-hour trip across the city, and in the afternoon a similar excursion over a different route. The charge is three dollars per person per trip.

Colonel George A. Lynch, the new Commanding Officer of the 15th United States Infantry, Tientsin, and U. S. Army Troops in China, paid a courtesy visit to Lieutenant-General Yoshijiro Umetsu, Commanding Officer of the Japanese North China Garrison, at the Military Headquarters last week.

Joseph Cohen, father of "Gen." Morris Abraham Cohen, former adviser to the Canton Government, died at Manchester England, July 14. He was 72 years old. The last wish of deceased, which was to meet his son, was realized, as "Gen." Cohen arrived in Manchester just prior to his father's death.

Sir Alexander Cadogan, British ambassador to China, flew from Shanghai to Peiping July 13 in a China National Aviation Corporation airplane, following a few days' stay here to renew acquaintances and to attend to private business. The British ambassador later proceeded with his to family Peitaiho where he will spend his summer vacation.

Upton Close, (Josef Washington Hall), prominent American writer and interpreter, of Far East events, at present in the United States, has been refused permission to enter Japan this summer, according to advices received here this week. Mr. Close's latest book, "Challenge: The Face Behind Japan," is reviewed in this week's issue of *The Review*. Its circulation in Japan has been banned by the Tokyo Foreign Office.

Victor Keen, correspondent for the New York *Herald-Tribune*, has returned to Shanghai after several weeks spent in North China.

George F. Shecklen, representative in China for Radio Corporation of Ameriea, is planning to depart shortly on vacation to the United States. He will be absent from Shanghai for about six months. Mrs. Shecklen and their son returned home sometime ago.

James Dollar, an executive of the Dollar Lumber Company, is in a serious condition at Lebanon, Oregon, as a result of a recent appendectomy. Mr. Dollar is a nephew of the late Captain Robert Dollar, founder of the Dollar Steamship Company.

Miss Ting Shu-ching, member of the executive committee of the National Child Welfare Association of China, will represent China at the fifth International Congress on Family Education in Brussels next month under patronage of the Belgian government. An article by Jabin Hsu on "The Progress of China's Family Education" will be read by Miss Ting.

Leighton Rogers, vice-president of the Aeronautical Chamber of Commerce, who has been here for more than a month as a member of the American Economic Mission, entertained a large number of prominent Shanghailanders at a cocktail party at the Park Hotel, July 14, prior to returning to the U. S. as a passenger on the s.s. *President Hoover*, which sailed from here July 16.

Repairs to the auditorium of National Government House at Nanking were begun July 13 and will be completed in two months. During the period of repairs, the Memorial services of the National Government and other official functions will be held at Central Party Headquarters. A notification to this effect has been issued by the Bureau of Rites and Ceremonies of the National Government to the various Yuans and their subordinate organs.

Rev. Frank Rawlinson, editor of the *Chinese Recorder*, published in Shanghai, contributed an article entitled "Where Is Chinese Protestantism Going?" in the *Christian Century* (Chicago), June 19. In it Rev. Rawlinson concluded that Protestantism in China promises to take up the socializing energy of Confucianism, fill the gap left by Buddhism's social inadequacy, and manifest in increasing degree the fulness of the Christian gospel.

The Chekiang Provincial Bank opened a branch office at 381 Kiangse Road, Shanghai July 15. The branch bank offers every facility for both Chinese and foreign clients. It will be supervised under the management of Chi Chuan-fong, a man well-known among local business people, and who has had a wide range of experience in banking. Benjamin King, who specialized in economics and finance during his study abroad, will act as assistant manager.

Mr. and Mrs. James H. R. Cromwell arrived in Manila July 12. Mrs. Cromwell is the former Miss Doris Duke, the "richest girl in the world." The Cromwells sailed for Hongkong on the s.s. *President Grant*. After spending a day or two in the Colony they will fly from South China to Peiping. It is understood that after a short visit in the former capital Mr. and Mrs. Cromwell will came to Shanghai before proceeding to Japan and home *via* the Pacific.

Frederick William Wile, writing in the Washington *Star* May 22, said that Dr. Alfred Sze, China's first Ambassador to the United States, can almost qualify as a member of the District of Columbia's Association of Oldest Inhabitants. He came to Washington early in the century as a lad in his early teens, became a pupil at Central High School and is well remembered as a jolly and active member of the cadet corps. Later he became a student at Cornell University and was graduated there with honors.

A *United Press* dispatch from Reno, Nevada, in chronicling the marriage of Richard Walsh and Pearl S. Buck stated: "The anxious groom, hastening to throw newspaper reporters off his trail, took a wrong road leading from the home of the Rev. Brewster Adams, and before he knew it was forced to stop in front of the monkey house at the city zoo and turn around. The newlyweds then inquired for additional directions to California and soon were on their way again."

Kung Teh-chen, direct descendant of Confucius and newly appointed sacrificial officer for the great Chinese sage, arrived from Nanking on his first visit to Shanghai July 13 on the invitation of Dr. H. H. Kung, vice-President of the Executive Yuan and Minister of Finance. The 16-year-old youth observed Confucian etiquette at the North Station when he bowed to the officials who had turned out to meet him. Dr. and Mrs. Kung gave a party in his honor at their Route H. de Sieyes residence.

The death occurred in Shanghai July 13 of Carl Ludwig Seitz, a director of the China Import and Export Lumber Co., Ltd. Deceased was born in 1879 in Yokohama. He came to China while he was still quite a boy, when his father joined the Chinese Maritime Customs service. He is survived by his widow, at present in San Francisco, and C. L. Seitz, Jr., assistant manager to the Shanghai office of the American Asiatic Underwriters. Mr. Seitz devoted the major portion of his time to lumber and shipping business and in this connection he made frequent trips to America. Mr. Seitz was the pioneer in the foreign retail lumber business in China.

The entrance examinations of the University of Shanghai will take place July 19-20, according to an announcement made by Dean T. K. Van.

James Lin, son of Lin Sen, President of the National Government of China, was married at Ashland, Ky., July 14 to Miss Viola Brown, a young lady whom he had met in a five-and-ten cent store in Columbus, Ohio, while making a purchase.

Pope Pius, June 22, named Mgr. Francis X. Ford of the Maryknoll Fathers, Vicar-Apostolic of Kaying, China. Mgr. Ford thus becomes Bishop. Bishop Ford was born in Brooklyn, N. Y., in 1892 and was ordained to the priesthood at Maryknoll. He has been a missionary in South China since 1918.

A loss of $19,777.57 by S. Moutrie and Company, Shanghai piano manufacturers, during the past year, was announced at the annual general meeting held this week. The piano branch of the business was shown to be its most profitable feature whereas the radio and gramophone side showed marked falling-off. The chairman commented on suggestions of liquidation but said this seemed not to be in the best interests of shareholders.

Reginald Sweetland, correspondent for the *Chicago Daily News*, stationed in Vienna, recently was arrested while traveling in Yugoslavia and ordered to leave the country at once. Mr. Sweetland, who was stationed in Shanghai for several years and later in Japan, was sent to Vienna early this year. He has seven countries in his territory. In a recent letter to friends in Shanghai Mr. Sweetland stated that he probably would go to Abyssinia in the event of war with Italy.

American Community of Shanghai Elects Officers

R. J. Corbett has been elected chairman of the General Committee of the American Community of Shanghai, with Dr. C. E. Patton as vice-chairman, W. A. Adams as honorary secretary, and A. E. Shumacher as honorary treasurer. Results of the annual election of the General Committee have been announced as follows:

To serve for three years: N. F. Allman, R. J. Corbett, C. S. Franklin, A. E. Schumacher and O. G. Steen.

To serve for two years: W. A. Adams, Col J. C. Beaumont, Dr. E. M. Gale, J. A. Mackay and J. S. Swan.

To serve for one year: J. Fistere, U. S. Harkson, W. S. Heald, R. E. O'Bolger and C. M. Wentworth.

The above Committee have coopted the following six additional members: Mrs. C. L. Boynton, E. O. Heuser, Mrs. D. W. Nance, Dr. C. E. Patton, W. H. Plant and M. P. Walker.

Ex Officio members: E. S. Cunningham, Judge M. J. Helmick, C. H. French, Chairman American Chamber of Commerce.

Private Criminal Prosecution Is Started Against Great China Toy Factory

A private criminal prosecution was started July 16 against the owners of the Great China Toy factory in the Western district of Shanghai, of which an explosion occurred several weeks ago. The complainants are families who were victims of the explosion. They charge criminal negligence against the factory owners.

A mob of 400 men, women, and children, carrying iron bars, axes, bamboo poles, and buckets of mud, marched on the Great China Celeluloid Toy Factory in Ferry Road, July 12 causing a riot in which scores of persons were injured and hundreds of windows broken. It was the second riot at the factory within two weeks and a sequel to the explosion and fire which razed 22 workers' houses on June 28, killing 21 persons. The disturbance was quelled by police from the Pootoo Road Station and two riot squads from the Police Reserve Unit. Several policemen were badly beaten by the mob. A foreign sergeant was taken to the Country Hospital in a Fire Bridage ambulance, suffering from deep cuts on the face, and many policemen from Pootoo Road Station received less serious injuries. A Chinese superintendent of police was treated on the scene for a gashed knee.

Project for Maternity Hospital in Nanking

Nanking will have its first public maternity hospital shortly if plans now being drawn up jointly by the Nanking Municipal Governmont and the National Health Administration are realized. The projected hospital is to be constructed at a cost of $50,000, of which the Administration will contribute $30,000 and the Municipal Government $20,000. The constructian work is scheduled to start some time in this month and expected to be completed by the end of the current year.

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THE CHINA WEEKLY REVIEW

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Shanghai.

In the United States Court for China

In re. Estate of ANNA KRATZER, Deceased	Cause No. 3890 Special Proceedings No. 1025. NOTICE Filed at Shanghai, China, June 24, 1935. William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of ANNA KRATZER, deceased, to present the same with vouchers to the undersigned on or before December 29, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

HERBERT M. GRIFFIN,
Special Administrator,
c/o China Inland Mission,
Shanghai, China.

Shanghai, China.

A Review of Upton Close's Book, "Challenge: Behind the Face of Japan"

It is quite generally known today that Upton Close is the pen name of Josef Washington Hall, now forty years of age, who has spent half his life in Pacific Asia or "commuting" across the ocean. He was a very young correspondent when he followed the Japanese army into China and sent his confidential messages back to Washington under the signature "up close". The nom de plume became "Upton Close", and when he entered upon an author's career, his publishers wished him to write under the name that had become widely familiar.

Upton Close has done a most remarkable thing in this new book of his. Probably no nation today is more enigmatical to the rest of the world, more full of contradictions, more difficult to understand, than Japan. From the pen of a man who knows its past history, its present trends, knows its people intimately, and has the courage to speak frankly, we have the most thorough-going analysis of temperatment and character, individual and national, that this reviewer has ever read of any people. It is well-balanced in that the author has great appreciation of, and admiration for, Japan's great personalities and accomplishments, past and present. But because he understands, better than most, how the Japanese mind works, and what Japan's sense of "divine mission" is he senses better than the rest of us what the next steps must logically be. We can only hope that his "Last Word" is not the last word to be said; his conclusions are far from optimistic.

I have said the author appreciates Japan. He says, "I know a vale in Japan's Third Island, entered only through a pedestrian tunnel where, if I survive the next fifty years, I shall go looking for cherry blossoms and butterflies". But he also says: "Japanese diplomats and service club executives traveling among us dwell much on the cherry blossoms. All the while their minds are concerned with cotton, steel, and naval ratios."

He knows that to the rest of the world Japan wears a mask; she is paradoxical, unreal. But Upton Close has pretty well gotten behind that mask, and understanding how logical and inevitable an outgrowth of the fifteen past centuries is the challenge on her face today, he proceeds to make that challenge convincing to his readers. The author's own words will make this plainer:

> "Japan of cherry-blossom worshipers, wood-block prints and geisha girls; of sentimental patriots who cut themselves open to show that their motives are pure, of political assassins and their sympathizers who chop off their fingers to send to the judges; Japan that assumes the position of upholder of the peace of the Far East and looses her armies in other people's territory—this paradoxical Japan seems too unreal to us.
>
> "But there are realities enough behind such bizarre phenomena. Japan's realities of steel and explosives, her realities of freighters and ledger books, compel notice from our departments of state, of navy, of commerce, and from our manufacturers and labor chiefs.
>
> "In the first two decades of this century Japan became militarily adult. In the third decade she became the west's diplomatic equal. The fourth decade sees her becoming industrially adult. With all due regard for Lenin's and Stalin's experiment, Japan's rise promises to be the key development of the twentieth century. It is doing more than communism to end our western capitalistic system and break up our empires."

The author feels, and rightly so no doubt, that America is woefully ignorant of Japan. He has found by inquiry during his lecturing that most Americans know only one great Japanese name,—Togo, and now Admiral Togo is dead. To understand Japan today one must take account of the racial stocks that have given rise to the unique qualities of her people, the formation of the nation, and the logic in her development. No Japanese would think of facing or discussing America without some parallel knowledge. As one becomes acquainted with the intrepid personalities of their past and present, from thatched huts to national shrines, their sufferings and their accomplishments and their mental attitudes become more understandable. Upton Close says:

> "Nippon is, she believes, saving the world, both eastern and western. When Nippon believes a thing she believes it hard. Like Judah of old she bears a heaven-dictated commission, making her people, in the Old Testament phrase, a "peculiar people", and requiring of them readiness to make the utmost sacrifice, but promising them a final triumph as certain as heaven's control of earthly affairs."

Trained in America, most western of all Japanese, the statesman Matsuoka is frank enough about Japan's mission:

> "The general depression . . . . is nothing less than the deadlock of modern civilization. The hidebound, material-minded civilization of the present generation has finally plunged the whole world into its present welter of confusion. . . . . Unless we Japanese change our habit of copying western civilization, it is not only impossible to accomplish the great mission of Nippon, but we also are doomed to destruction. Out Yamato race has a peerless tradition. We have no business being drunk with European civilization. All we have to do is find the worthy in our own glorious ancient history. Get back to the Japanese spirit, re-examine the national history of two thousand years!
>
> Providence calls on Japan to undertake the mission of delivering humanity from the impasse of modern material civilization."

That is rather breath-taking, but it is what all Japanese feel, and must to some extent explain why they can invade other people's territory and bomb cities of nations not at war with them without qualms.

A unique and striking parallel between the Japanese and the English peoples has been drawn by the author. It is too long to be repeated here, but it is amazing when one compares the geographic position of the two groups of islands, their similarity as a maritime, seafaring people, their capacity to face and overcome adversity, the amount of uncultivable land, the necessity of developing industrially, of producing goods to sell in return for raw materials to support an increasing population of virile, adventurous, resistant people.

The author gives an excellent historical background in his second chapter, explaining the anthropological evolution of the islands, their alphabetical and language development, the growth of their great religions, the history of samurai and feudalism, and the Wars of the Chrysanthemums (with their parallel to the Wars of the Roses in England!) Perhaps British people will be slow to agree that when Japan began catching up with the modern world of industrialism and militarism, Britian thought to "use" Japan. It will be still harder for them to believe that Japan instead has used England, something which no white nation was ever able to do.

As a journalist, Upton Close turns some clever phrases, as in the following: "Japan's medieval-minded moderns are as upsetting in our sophisticated world as an ichtlyosaurus navigating Fifth Avenue", and "A woman, unless of such distinction that she bore the status of 'honorary' man, had no right to hara-kiri, nor of course, did any plebian—points regarding which little Madame Butterfly in the opera is just all wrong."

But the most interesting reading of all one finds in his personality sketches. An entire chapter is devoted to Japan's patriotic supergangster, Toyama, another to her Lord Nelson, Admiral Togo, hero of the Russo-Japanese war; and a splendid close-up is given of the king of Japanese banking, Takahashi, the only man of great wealth in Japan who dares to tell the military that they are bankrupting the nation. We become acquainted with her greatest scientist, Noguchi, who discovered the yellow fever parasite and developed its curative serum among many other world-famous scientific contributions to the world. We meet Japan's internationalist who, like Noguchi, had an American wife. We see the tragedy of his compromise,—the great internationalist becoming the apologist for Japan's undeclared war on China. We learn of the reformer Ozaki, feared by corrupt politicians and nobles; of Kagawa, more radical than the Marxists in his Christian communism; and of old Iso Abe, the father of baseball and socialism in Japan. Introduced by the author they become very real personalities. Her diplomats and administrators follow, and the men who have been gods in politics. Though Japan, like Germany, is known for her capacity for regimentation, we also see that any individual courageous enough to be distinctly individualistic is also honored by this hero-worshipping people.

The author explodes a number of fallacies about Japan. I have referred to the fact that at times and under certain circumstances, they may be distinctly non-conformist. The world in general thinks of them as an imitative people. Upton Close shows that every nation goes through the imitative phase, and that Japan has emerged into the inventive stage. Many of her inventions are naturally of a military character, but her 800-horsepower "Hawker's Super-Fury" motors and low-winged monoplanes built last fall are claimed to be the world's fastest fighting ships. She has "mosquito planes", literally "charges of high explosives on wings," designed to be flown by self-immolating pilots directly into their targets. She has a noiseless, powderless machine-gun operated by centrifugal force, capable of firing 10,000 to 50,000 shots, firing 6,700 rounds per minute. She has an aerial torpedo, which propelled by rockets is said to be capable of reaching any point on the world's surface within ten hours.

Her inventions are not all military. A little town car run by steel springs, 250 miles to a winding, is one interesting development. Others include the use of dead silk cocoons for chicken

Challenge: Behind the Face of Japan. By Upton Close. Farrar and Rinehart, Inc. New York City.

feed, a cloth made of rabbit fur and waste silk, an electric loom for weaving tapestry in four colors, and the photographic sculpture that some of us have already seen.

The hysteria or emotional unbalance of the Japanese is well illustrated. The humanitarianism that is so far from being really human is described. The worship of the Divine House, and the willingness of every last Japanese to die if need be for his Emperor is explained. No nation has ever been so truly Christian as Japan is truly and completely reverent and devoted heart and soul to its Ruling House. It explains a great deal that makes Japan different from the rest of the world. The aesthetic and pleasure-loving face of Japan is probably its pleasantest side. But the mask that is Japan and that presents the world's greatest challenge today is a composite of all these phases.

One cannot possibly give a resume of the entire book, no show how Japan's "divine mission" becomes a very practical one in her determination to supply the world with cheap goods unti she has a monopoly on world trade. Suffice it to say one interl pretation of her divine mission to the world expresses itself in canvas shoes, cotton sheets and bicycles. One must read the book in order to be convinced that Upton Close knows Japan pretty thoroughly, whether he is altogether correct in his prognostications or not. And no one desirous of understanding Japan or the world situation today should fail to read the book.

G. T. F.

The Social Transformation of China

King-chau Mui, Chinese Consul-General in Hawaii, delivered an address at the banquet of Honolulu Business and Professional Women's Club, Moana Hotel, June 18, on the Social Transformation of China. The following are extracts from his remarks.

The "New Life" movement aims to enrich and deeped the spirit of the Chinese people as revealed in its history. I believes that reform movements are insufficient if they only imitate the west, and do not turn to Chinese history for its solid substantial basis and spirit. It shows that the people, in order to renew their strength, must revitalize the old moral values such as wisdom, loving kindness, and courage, which embody such traits as loyalty, filial devetion, kindness, love, faithfulness, justice, peace, and harmony. These traits have characterized the Chinese people from time immemorial, and are the very essence of the Chinese spirit. General Chiang has selected, moreover, propriety (li), justice (yi), integrity (lien), and the sense of shame (chi) as the basis of the "New Life" movement. It has been said that these are the true remedies for the prevailing diseases in China, for the course of Chinese inspiration has always been from the spiritual phases of life.

All the people who are followers of this movement observe courtesy and decency in their intercourse with other people. They have a sense of justice, and a sense of shame. Therefore they refrain from dishonest practices. This movement begins with the daily life of the individual and ends in the harmonious development of all his faculties. It starts with the individual and ends with the nation. General Chiang feels that in order to save China, the Chinese should first begin with their daily life, by acquiring habits of orderliness, cleanliness, simplicity, and plainness. The "New Life" movement makes people examine themselves and put into actual practice that which has received the approval of reason. If people cannot regulate their own lives, they cannot regulate their country. They should start at the very bottom to reach their aims which should be high. The "New Life" movement aims, therefore, at the development of the life of the nation through spiritual influence, through the exertion of individual efforts.

This "New Life" movement is not one that is merely full of sound and fury but a real movement with a view of saving first the individuals and then the nation. It is a potent social force that will train the youths of China to form right habits, right attitudes of mind, and right ways of acting.

China is an old country, tied down by various conventions and traditions, torn asunder within, defeated and humiliated without; yet she is trying to regenerate herself and to find her own soul. The Chinese people are seeking to work out plans that will render some better and more satisfactory social adjustment to meet present day conditions. In most cases, it did not dump overboard the customs and traditions that have come down from time immemorial. The change has been manifested rather in the grafting of western culture to its own.

The importance of all these changes in present-day China in domestic relations, in customs, in social intercourses is as great and far-reaching as her progress in economics and education. In the space of a few years China has imbibed western ideas to such an extent that she is to-day able to take her place with the rest of the modern world without embarrassment.

CUSTOMS NOTIFICATION

No. 1455

With reference to previous Notifications concerning the movement of silver, the public is hereby notified that, in accordance with Government instructions, the number of dollars that the crews and passengers of all sea-going junks are allowed to carry without covering document is limited to a maximum of $100 for each junk, and that any dollars carried in excess of $100 must be covered by Ts'ai-chêng Pu Huchao, in the absence of which such excess will be confiscated.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 15th July, 1935.

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Outport Banks Must Deposit 25% in Central Bank

Beginning this fiscal year, all the branches in outports of local public savings banks, savings society and financial corporations having public savings departments, are required to deposit 25 per cent of their bank holdings with the Central Bank of China, as a guarantee of good faith and as security against public savings, according to information from the Shanghai office of the Ministry of Finance. Hitherto, only head offices of banks located in Shanghai have been required to furnish 25 per cent of their bank holdings for deposit with the Central Bank. Outport branches of the banks have been exempt as a result of a petition submitted by the Bankers' Association to the effect that Shanghai alone handles nearly 80 per cent of the country's financial transactions and bank holdings. The remaining 20 per cent of bank holdings distributed in branches in outports is said to be a negligible sum. The new set of regulations for outport branch banks were not enforced due to business depression.

Owing to recent bank failures in outports, however, the Ministry, through the Central Bank of China, has notified the outport branch banks to observe the new regulations. A similar notification has been issued to the local head offices of the banks, for transmission to their outport branches.

$20,000,000 In Treasury Bills Made Available for Relief of Business in Shanghai

The $20,000,000 in treasury bills designated for relief of local Chinese business was appropriated by the Ministry of Finance and placed at the disposal of the Shanghai Industrial and Commercial Relief Loan Committee July 16. They will be deposited in the Manufacturers' Bank of China pending further instructions. They serve as subsidiary securities for loans issued by major Chinese modern-style and native banks upon application by local Chinese industrial and commercial groups.

New Branch Bureaus of Central Bank to Be Organized for Issuing Bank Notes

At the suggestion of Dr. H. H. Kung, branch offices of the Bureau for issuing bank notes of the Central Bank will be organized in various parts of the country. One of the branches will be created at Chungking. Wang Sze-hsu has been sent there to make preparations for opening the office.

Tientsin Confronted With Money Troubles

As the result of the decrease of tax revenues during the past two months, the Tientsin Municipal Government is facing financial difficulties. To help the Municipality to cope with the situation, the Hopei provincial bank has issued a loan of $80,000 to the Municipal Government.

Tientsin Bankers Ass'n Will Not Cash South Sea Bank Notes

As a result of a recent meeting of the Bankers Association in Tientsin the papernotes which have been issued by the China and South Sea Bank, will no longer be cashed. It is revealed that the Joint Reserve Board of the Four Banks, of which the China and South Sea Bank is a member, has issued $6,300,000 worth of paper notes. The Nanking Government has taken action with a view to preventing the Joint Reserve Board, which is the only rival of those banks under the control of the Government, from issuing paper money.

Sharp Order Issued to Ningpo Industrial Bank

A sharp order was issued July 2 by the Ministry of Finance to the Ningpo Industrial Bank, which suspended business last month, to settle its obligations without further delay. The order stated that in case the assets of the Bank are insufficient to pay off its depositors, the Directors and Supervisors of the Bank are to be held jointly and severally responsible for the liabilities.

"The time-limit has now expired, but the Bank has not yet reported the refund of its deposits. This constitutes a flagrant defiance of Government order, and an unwarranted injury to the interest of depositors," the order said.

Movement Started to Re-open Ningpo Industrial Bank

Shareholders and directors of the Ningpo Industrial Bank, 261 Nanking Road, which suspended business on June 4, owing to financial difficulties, have opened an office in the Ningpo Natives Association, Thibet Road, to enlist support for the re-opening of the institution. An application submitted some time ago to Gen. Chiang Kai-shek for assistance in the matter has been referred to the Ministry of Finance, with remarks favorable to the movement, it was reported at the new office.

Meanwhile, the liquidation of the banks which have closed and are now under investigation by the special inspectors appointed by the Ministry of Finance is proceeding. The Ministry has instructed the Ming Hwa Commercial and Savings Bank, an investigation of which has been completed, to refund $900,000 savings to the depositors. The Bank of Kiangnan will be given another month to clear its accounts while measures are being taken against the World Commercial and Savings Bank, which closed recently.

Three Chinese Banks Ask Government to Take Shares

It is reported that three major Chinese banks in Shanghai, the National Industrial Bank of China, Commercial Bank of China, and the Ningpo Commercial Bank, are seeking investment of government shares. Each of the three banks has sent a petition to the Ministry of Finance asking for a government share in the respective banks of $5,000,000 each.

$2,000,000 as New Capital for Kiangsu Bank

Partial reorganization of the Kiangsu Bank, with head office on Kiangse Road, Shanghai, has been decided upon by the Kiangsu provincial government. The provincial government voted an increase of $2,000,000 to the capital of the bank which originally is $1,000,000 paid up. The bank has branches in Nanking, Chinkiang, Soochow, Wusih, Changshu, Nantung Changchow Taihsien and Tsihsing.

A San Francisco Story About a Huge Loan

According to the San Francisco *Chronicle*, the Chinese Government has applied to the U.S. Government for a new loan of $100,000,000 in American Currency. Preliminary negotiations are being carried on by the Chinese authorities and the American Economic Investigation Mission. The paper further noted that the new loan is to be used for the development of airlines and railways. Necessary equipment for this development is to be purchased from the United States.

Japanese Police Turn Back Would-Be Korean Smugglers

The recent heavy withdrawals in Tientsin of silver from the Joint Savings Society had a sequel July 12, when more than sixty Koreans, loaded with silver dollars, attempted to board a train for Shanhaikuan, but were turned away by Japanese police. A similar occurrence took place the previous night when sixty Koreans attempted to leave for Shanhaikuan, Tongshan, and Shukehchung with a large quantity of dollars in their possession.

Huge Silver Imports Into America

A sharp rise in imports of silver into the United States was witnessed during the week ended July 12, amounting to $2,446,000. Total imports amounted to $5,657,000 worth of the white metal, of which Mexico contributed $3,848,000, England $27,000. Canada $,009,000, Peru $437,000, Chile $16,000 Hongkong $292,000, the Philippines $8,000 Russia $12,000, and Guatemala $8,000.

Gen. Shang Chen Plans New Program for Hopei Province

A new administrative policy for Hopei has been announced by General Shang Chen, Chairman of the Hopei Provincial Government. Attention will first be paid to the readjustment of communication facilities in the province. Repairs will be made to the Peiping-Tientsin and Peiping-Hankow highways and the long-distance telephone service. Reorganization of the Tsingsing mines will be the next step. In view of the annual deficit of from three to four million dollars in the budget, efforts will be made to balance the budget by reduction of unnecessary expenses. With regard to the condition of the Yellow River in South Hopei, the Provincial Department of Reconstruction has been ordered to take adequate precautions even though the situation is at present not very serious. In conclusion, General Shang said, the Hopei Provincial Peace Preservation Bureau will readjust the militia and peace preservation units of the province so as to eradicate banditry.

Exports to America Through Tientsin Show Increase

Exports to the United States through Tientsin showed a considerable increase during the second quarter of 1935 as compared with corresponding periods during the past four years, according to a recapitulation of declared exports issued by the American Consulate General at Tientsin last week.

"New Life" Ideas Cause Huge Drop in Cigarette Consumption

The Rolled Tobacco Manufacturers' Association reports that since the enforcement of the New Life Movement this Spring, the demand for cigarettes has dropped sharply. The monthly consumption is now but 26,000 to 27,000 cases, almost half of the quantity consumed per month last year.

North China Oil Firms Pessimistic on Future Business

The *North China Star* (Tientsin) July 11 said officials of foreign oil companies in said city take a gloomy long-term view of their future business in North China as a result of the recent Japanese political and military activities in that area. With memories of the Manchurian experiences fresh in mind, the oil men see little hope of improvement in the foreign oil business even if the economic condition of the Chinese people should improve materially. They anticipate drastic changes during the next few years but, in their opinion, the changes will hardly be for the better.

Reports from Tokyo, Hsinking and Dairen regarding plans to form a joint Sino-Japanese-Manchukuoan investment company, a Japanese-Manchukuoan investment company, or extend the South Manchuria Railway Company enterprises into the North China indicate that the Japanese intend to take full advantage of the political gains they achieved during the past six weeks.

Japan has already invaded the North China field with a cheap grade of refined petroleum product, such as kerosene, and this has gained such proportions that all prices are held down to the point where it is almost unprofitable to remain in business, it was pointed out.

The crude oil is bought by Japan from the United States, the East Indies and Saghalien, refined in Japan and sold throughout North China. A minor portion is sold as far south as Shanghai.

Manchukuo is the deciding factor at the present time. If the Manchukuo Oil Monopoly decides to purchase its oil in the open market, then Japan is free to refine the oil and invade all the markets of China. If the Manchukuoan Oil Monopoly contracts to buy all its oil and refined products from Japan, then Japanese refineries will be running nearly full capacity to supply the Manchurian market. Hence the North China market would be saved, temporarily at least, from complete Japanese domination, oil company officials said.

Most of the oil purchased by Japan is American oil and it is doubtful whether Britain and The Netherlands would permit unrestricted production of East Indies oil or Russia would drain its fields to supply Japan, in the opinion of local oil men. Hence the United States would keep much of its market in Japan for crude oil but would lose the market for refined products.

Another factor involved is Japanese development of oil production in China. American companies have spent millions in surveying and testing certain oil fields in North China, particularly in Shensi, but abandoned further tests and prospecting when it became apparent the Chinese Government would not permit the foreign developers to pump the oil, once it had been located.

Japan, however, would find it an easy task to develop the fields with a minimum of interference from the Chinese Government, oil men in North China believed and a fatal blow would result to foreign oil companies.

Chinese Egg Exporters Take Steps to Allay English Criticisms

Dr. R. C. Robertson, head of the Department of Pathology of the Henry Lester Institute, told a *China Press* representative when asked if the recent agitation in England against Chinese eggs and products because "they were produced under deplorable conditions" could have any factual basis replied: "An egg is an egg, be it an Italian, Abyssinian, Turkish, Irish, Scottish, English or Chinese. The only time that an egg makes any difference to us is when it is rotten and is considered unfit for human consumption."

Dr. Robertson discounted such allegations, adding that any egg produced in any country is just as good as another egg produced in any other country, as far as its nutritive elements are considered, he said.

Among the resolutions adopted at the recent four-day conference, convened in Shanghai last week by technical exports for improving the quality of Chinese eggs and egg products destined for export, was one which calls for general stricter supervision.

China takes first place in the British imports of eggs and egg products, Y. S. Cheng, chairman of the Chinese Egg Exporters, Association states. In former years, England imported $50,000 packed cases of "shell eggs" from China, each case containing 1,440 eggs, and 40,000 tons of "frozen eggs." The figures for last, year, however, dropped to 100,000 tons for "shell eggs" and 35,000 tons for "frozen eggs."

Striking Kailan Miners Go Back to Work

The strike of workers of the Kailan Mining Corporation at Machiakow was settled July 12. The terms include payment of wages during the period of strike, pardoning of the leaders of the strike and observance of holidays on various memorial days. A number of agitators arrested by the police were escorted to Tangshan for trial.

Shensi Is Rich in Oil, Cotton, Wheat, Skins and Furs

SHENSI, one of the North-Western provinces, has, according to the *Chinese Economic Bulletin*, potentialities which, if fully developed, would help to solve the present national economic crisis. The central part of the province, known as the Kuan Chung and Han Chung districts, is fertile, well-watered and rich in agricultural and forest products, while the northern district, though less productive, is rich in mineral resources and suitable for stock-raising, which industry yields a large quantity of skins and furs annually. According to investigations made by the Provincial Department of Reconstruction in 1933, the largest crop in the Kuan Chung and Han Chung regions that year was wheat, amounting to over 1,300,000 piculs, representing about 48 per cent. of the total agricultural products, with beans, barley and rice next in order, which crops also amounted in all to about 1,300,000 piculs. The area of cottonfields that year (in the 37 *hsien* where reports had been received) represented only 9 per cent. of the total arable land, but in 1934 the remarkable increase of 80 per cent. was shown in the area devoted to cotton, according to the Cotton Industrial Committee of the National Economic Commission, while the yield, amounting to 1,004,000 piculs, showed an increase of 95 per cent. as compared with the preceding year. When poppy-growing comes to an end in the near future, there will be room for the further expansion of cotton cultivation.

In regard to other products, pear, date, peach, apricot and grape orchards are found in almost every district, and pine, cedar, elm and walnut trees are abundant on the Chinling and Pashan ranges, but of more commercial importance are the lacquer and tung-oil trees. About 100,000 catties of lacquer is obtained per annum, worth more than $130,000, and tung-oil is produced to the amount of about 160,000 catties, worth $60,000. In addition, edible fungus of both the white and black variety is produced abundantly in the forests, about 1,500,000 catties being exported every year. Sericulture is also largely followed in many districts in the south along the Hankiang River, the annual production of silk being worth about $800,000, mostly shipped to Szechwan and Kansu for sale.

Petroleum Is Abundant

Of the mineral resources in Shensi, petroleum is the most abundant, deposits being widely distributed in the north, including Yenchang, Fushin, Chungpu, Ichun, Chiahsien and Micheh where oil oozes out of the ground at about 50 different places. Although several efforts to tap this reserve have been made during the last 30 years, the results have not been satisfactory. During recent years the output has averaged 7,200 catties monthly in 1927; 1,016 catties in 1928; rising to 29,207 catties in 1929; 15,207 catties in 1930; but decreasing to 9,385 per month in 1931; 7,013 catties in 1932; and again to 6,098 catties in 1933. Since an investment of $100,000 was made by the Planning Committee of the National Defence Commission, the yield is reported to be increasing, and when the Hsienyang-Yuling Highway linking Wenchang is completed, further development of this oil reserve will be made possible.

Coal deposits are found both in the south and north, the anthracite at Chenan being regarded as the best, and if communication facilities were provided to connect with the Lung-Hai Railway, this deposit could be greatly developed. Iron ore is found in many districts, such as Lantien, Chenan, Yaoksien, Fengcheng, Hancheng, Paochi, Ankang and Liupa, with supplies from Chenan the best in quality. Deposits are now being worked by primitive methods and the output yields about 1,000 catties of wrought iron daily. There are other mineral deposits, such as lead and copper in Sunyang, placer gold in Nancheng, silver at Fuhsien and Hsiunger Mountain, asbestos in Shanghsien, quicksilver in Lioyang, jade in Lantien, crystals in Yaoshan mountain, kaolin and porcelain clay in Tungkuan, and serpentine along the Chinling range, but these resources all remain undeveloped.

Skins and furs are among the principal products of Shensi, with Tali the trading centre, where supplies from various neighboring districts (formerly under the jurisdiction of Tungchow Prefecture) are marketed, the annual turnover varying between $700,000 and $800,000 in prosperous days, but has now seriously declined. In Fushih, Yulin and Tingpien, about $70,000 worth of tiger, leopard, wolf and fox skins and leather are sold annually. In Changgan more than $50,000 worth of leather, shoes, belts and saddles are made per annum, while leather products from Pucheng and Chunhua are valued at $60,000 yearly. In addition, Chienhsien and Weinan make over 20,000 catties of leather cord a year, worth about $10,000, and from districts such as Changan, Peishui, Fufeng, Hengshan, Sanyuan, Yulin and Yaohsien come a large quantity of rugs and other woollen goods, valued at approximately $150,000. All these manufactures are marketed at Tientsin, Peiping and the Three Eastern Provinces, but since the Japanese occupation sales have seriously declined.

With climatic and soil conditions similar to Mongolia, the northern part of Shensi is particularly suitable for stockraising, but this industry has seriously declined and the animals are not even sufficient for work in the fields. According to statistics compiled by the Provincial Reconstruction Department, the number of

CUSTOMS NOTIFICATION No. 1456

With reference to Customs Notification No. 1384 of the 19th September, 1934, notifying the public that a set of revised regulations to govern the entry of vessels and the presentation of manifests and other ships' papers was put into force, the public is hereby notified that, in accordance with Government instructions, Articles Nos. 7 and 9 of these regulations have now been modified and the amendments are as follows:

Article No. 7.

To read:

"If any unmanifested merchandise is found on board by the Customs, the master as well as the owner of the merchandise shall each be fined not less than *Standard* $200, and not more than *Standard* $2,000, and the merchandise so found shall be liable to confiscation.

"When packages made up of two or more separate lots are not declared as such in the manifest, or when merchandise is not described so as to allow of no doubt regarding its essential nature, the master as well as the owner of the merchandise shall each be fined a sum not exceeding *Standard* $1,000.

"In cases in which unmanifested merchandise is fraudulently concealed in any special device, *e. g.*, a false bulkhead, a specially constructed cavity, a part of the permanent structure of the ship or of the movable equipment thereon specially adapted for the concealment of goods, the merchandise thus seized shall be confiscated, and, in addition, the master shall be liable to a fine not exceeding *Standard* $2,000 in respect of each special device so found, and the vessel shall be liable to detention pending settlement of the case.

"If, however, it can be proved by the master himself, or by the owner of the merchandise, that the master has committed the offences specified in this article merely through negligence, and not as a result of collusion, and if the offences committed are trivial and there are extenuating circumstances, or if it was beyond the power of the master to prevent them, the fine leviable may be waived according to the circumstances of each case."

Article No. 9.

"Survey Certificate" to be added to the list of papers which must be presented by the master of a Chinese-flag vessel.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 16th July, 1935.

animals actually needed in these districts is 365,000, but there are only 210,000, a shortage of 155,000 head. The Provincial Government has opened two new pastures and applied to the Ministry of Industry to send experts to advise and assist the people in stock-breeding.

Yu Chung Cotton Mill in Wuhu to Be Liquidated

The Yu Chung Cotton Mill in Wuhu, largest and cotton mill in Anhwei province, has suspended operations pending liquidation. Messrs. Pan Hsu-lun and Ku Hsun, public accountant, have been engaged to proceed with the liquidation of the firm. The Yu Chung Cotton Mill was established in Wuhu, Anhwei province, during October, 1919. It was capitalized at $100,000. It is equipped with a total of 18,400 spindles and employed a total of more than 1,000 workers.

Tientsin's Largest Cotton Mill Closes

The Paochen Cotton Mill, one of the largest cotton mills in China which many years ago caused an uproar by adopting 8-hour working day system, suspended operation July 14 throwing 1200 persons out of work. Adverse business, resulting in heavy losses, and Japanese competition on the market, the blamed for the sudden suspension.

Lee Ming, a department chief of the Bureau of Social Affairs of the Tientsin Municipal Government, has been appointed by the bureau to conduct an investigation into the causes which led to the closure of the Paochen Mill.

Heng Feng Cotton Mill Suspends Operations

The Heng Feng Cotton Mill, one of the largest enterprises of its kind, has decided to suspend operations for two months. According to the management, the factory has lost from two to four dollars on every bale of cotton yarn it has sold in recent months. The workers of the mill have been given travelling expenses and have been sent home. The total stock of cotton yarn in Shanghai amounts to about 100,000 bales.

Silk Filature Closes Suddenly at Wusih

Because of inability to pay for raw materials the Yichang Silk Filature in Wusih suddenly closed its doors on July 12. Wages, amounting to a large sum have not been paid by the management of the filature.

Wusih Highway to Be Formally Opened Next Month

The Shanghai-Wusih highway is to be formally opened middle of next month, the whole length of the highway having been completed July 15, when a trial bus service was tested by officials of the Shanghai Wusih Highway Administration.

Responsibility of Teachers and Students Stressed by Gen. Chiang Kai-shek

The responsibilities of teachers and students were dealt with by General Chiang Kai-shek, in the course of an address delivered at Chengtu, July 10 at the enlarged weekly memorial service. The meeting was attended by over 4,000 students and teachers of Chengtu, as well as Government officials, including General Liu Hsiang, Chairman of the Szechuen Provincial Government.

Six Killed in Fokker Plane Crash—Fourteen Rescued by Staff of Holland Airdrome

Two passengers and four members of the crew were killed July 14 when a giant Fokker airplane in the course of a flight from Croydon to Malmoe, in Sweden, crashed at the Schiphol (Netherlands) airdrome and burst into flames. The ill-fated 'plane, a liner of the latest type on the regular Croydon-Malmoe service, was carrying altogether 20 persons at the time of the crash, but the frantic and heroic efforts made by the personnel of the airport resulted in averting a heavier loss of life.

Largest American Airplane Completed in Seattle

The largest plane ever to be built in the United States, weighing 15 tons, was completed in Seattle July 17 in a local military factory. The giant craft has a wing-spread of more than 100 feet, is 70 feet long and 15 feet high. It will be able to do 248 miles an hour, while its cruising speed will be 180 miles an hour at an altitude of about 3,000 feet. Carrying enough fuel to last from six to ten hours aloft, the plane is capable of flying 25,000 feet in the air. It is armed with several machine guns.

More Planes Urged for U.S. Army by Military Committee

The House of Representatives Military Committee July 16 named a special committee to confer with the House and Senate Appropriations Committees in an effort to insert into the deficiency bill a fund of $40,000,000 to buy hundreds of planes to add to the Army Air Corps.

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The National City Bank of New York, Rates of Exchange

Shanghai, July 17, 1935

Demand selling rate on America:	U.S.$1.00=Sh. $ 2.58
Demand buying rate on America:	U.S.$1.00=Sh. $ 2.55
Demand selling rate on London:	£1.0.0=Sh. $12.84
Demand buying rate on London:	£1.0.0=Sh. $12.67

Latest New York Stock Exchange Quotations

July 17, 1935

Stock Exchange— Business Done:-
Total Volume: 900,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh.	STOCKS	Last Sale July 15	Last Sale July 16
144	90¼	4.00	American Can	138¾	139
22½	14⅝	0.40	Amer. Cyanamid "B"	22	22
13⅜	2	—	American & For. Power	4	3⅜
51¼	30¼	—	American Smelting	42⅝	43
130	99¼	9.00	American Tel. & Tel.	125	126
98½	67	5.00	American Tobacco "B"	96	96½
27⅝	7¼	0.80	American Waterworks	10⅝	10⅝
17⅜	8	—	Anaconda Copper	16	16¼
73¾	36⅜	2.00	Atchison, T. & S. Fe	51	51
57⅜	15	—	Auburn	22¾	22½
34½	7⅜	—	Baltimore & Ohio	11	11¼
49½	22½	—	Bethlehem Steel	31	31⅛
11¼	6½	—	Boeing Airplane Co.,	8⅝	8⅝
44	16½	1.50	Borg Warner	44	43⅝
18¼	9⅞	—	Canadian Pacific Railway	10	10
88⅝	36	—	Case, J. I.	58	58½
49⅜	23	1.00	Caterpillar Tr.	50	50⅜
40¾	15⅜	1.40	Chase National Bank	28¼	28⅝
48¾	37½	2.80	Chesapeake & Ohio	44¼	44½
49⅜	34	3.00	Chesapeake Corp.	42½	42½
60⅜	29¼	1.00	Chrysler	51⅜	52⅜
19¼	3⅜	—	Columbia Gas & Electric	7⅝	7⅝
36⅝	15⅜	0.60	Coml. Solvents	19⅝	19½
3⅜	0⅝	—	Commonwealth & Southern (ord.)	1⅝	1½
47⅜	16¼	1.00	Consolidated Gas of N. Y.	25	25½
14¼	6½	0.28	Consolidated Oil	8½	8¼
23	15½	0.50	Contin-ntal Oil	21¼	21½
84¼	55½	3.00	Corn Products	75⅝	77
28¾	14½	—	Douglas Aircraft	27¼	27½
106⅜	80	2.60	Du Pont de Nemours	104⅜	104⅝
23¼	3⅜	—	Electric Bond & Share	8½	8⅝
17⅝	8¼	—	Fox Film "A"	17⅝	17¼
26⅜	16⅝	0.60	General Electric	26⅜	27½
37½	28	1.80	General Foods	37¼	37½
42	24⅝	1.00	General Motors	36⅝	36⅛
45⅝	13¾	1.00	Gen. Railway Signal	32	32
23	14½	1.20	Gold Dust	16⅝	17
41⅝	16	1.00	Goodyear Tire & Rubber	18⅜	18⅞
60	33¼	—	Humble Oil	58½	58⅝
29¼	21	0.60	International Nickel	27½	27¾
17⅝	5⅝	—	International Tel. & Tel.	9⅝	9⅝
66⅝	39	0.25	Johns Manville	54	54
23¼	14	0.60	Kennecott	19	19¼
43½	20⅝	2.00	Loew's Inc.	41¾	41⅞
22½	15⅝	1.20	Lorillard	20⅞	21⅛
77	39	—	Monsanto Chemical	73⅞	74
35⅝	20	—	Montgomery Ward	29⅝	29⅜
43	16⅜	1.00	National City Bank	26½	26¼
18⅜	13	1.20	National Dairy Prods.	16⅝	16½
31⅝	16	2.00	National Distillers	27	27½
15½	5	0.80	National Power & Lt.	8⅝	8½
45¼	12¼	—	New York Central	17⅝	17½
25¼	9½	1.00	North American	17½	17⅜
25¼	12⅝	1.50	Pacific Gas & Electric	24½	23⅜
37½	19	2.40	Pacific Lighting	36⅝	36½
6⅝	2⅜	—	Packard Motors	4⅛	4⅜
77⅜	51½	2.00	Pnneye, J.C.	77½	77⅜
39¼	17¼	1.00	Pennsylvania Railroad	24¼	24⅝
22⅜	13	1.00	Phillips Petroleum	21⅞	21⅜
45	20⅝	2.40	Public Serv. of N.J.	36½	36⅝
8¼	4	—	Radio Corporation	6⅛	6⅛
62⅞	43¼	3.00	Reynolds Tobacco "B"	51⅜	52½
38⅜	17½	—	Schenley	32⅜	32
51¼	31	0.75	Sears Roebuck	47	47⅝
19⅝	11	0.60	Socony-Vacuum	12⅜	12⅜
22½	10⅛	1.50	Southern California Edison	19⅜	19⅝
33⅜	13	—	Sthrn. Pacific	18⅞	19
25¼	13⅜	1.00	Standard Brands	15⅜	15⅝
17	1⅜	—	Standard Gas & Electric	3¼	3½
50⅛	35⅝	1.00	Standard Oil Co. of N. J.	47⅜	47⅝
67	47¼	3.80	Sterling Products	62⅝	63⅜
43¼	29	2.00	Texas Gulf Sulphur	34½	33⅞
8½	5	0.30	Transamerica	6⅜	6½
65	35⅞	1.60	Union Carbide & Carbon	63¼	63⅝
133⅞	83½	6.00	Union Pacific	105⅜	107½
16⅜	8¼	—	United Aircraft (New)	15⅝	15⅝
6¼	3⅜	—	Un. Airline Trans.	5⅝	5⅜
8⅜	1¼	—	United Corporation	3¼	3¼
20⅛	9⅜	2.00	United Gas Improvement	14⅜	14⅝
66¼	40¼	2.00	Univ. Leaf	66¼	63½
64⅜	32	2.00	U.S. Indus. Alcohol	45⅝	45¼
24	9⅜	—	U. S. Rubber	12⅜	12⅜
59⅞	27⅞	—	U. S. Steel	37	36⅞
21⅜	11½	—	Vanadium	15	15
8¼	2½	—	Warner Bros. Pictures	4	4
59⅞	27⅞	—	Westinghouse Electric	58¾	58⅞

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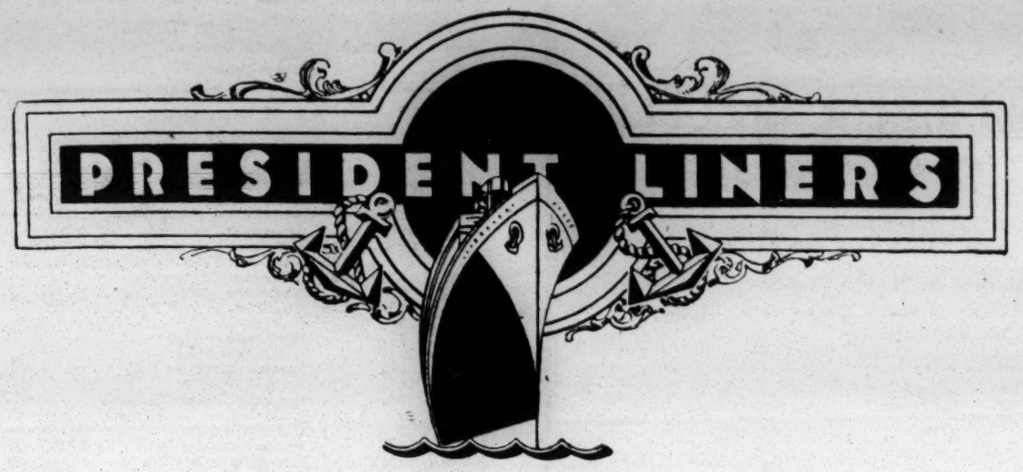

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